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Wilson, James W.

Wilson's eye opener on the money question

Chicago

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Wilson's Eye Opener

on the

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A Catechism

ERRATA

On page 35, fifteenth line from bottom, "1877" should be 1834.

DEDICATED TO

The Farmers and all industrial and commercial workers of the United States, and to all others who eat the bread of their own honest industry.

By Jas. W. Wilson,

Editor The National Rural, Chicago, Ill.

Author of Why Times are Hard, Financial Catechism, New Hygiene, Salvation, Etc.

☞ AFTER READING PASS THIS ALONG. ☜

Published by The Rural Press Company,

79 Dearborn Street, Chicago, Ill.

A WORD WITH THE READER OF THIS CATECHISM.

As far as party politics is concerned this little work is not designed to be partisan. It is written in behalf of those who eat the bread of their own honest industry.

If it shall open the eyes of this class to the importance of the money question as affecting their own interests and the welfare of their country, it will have accomplished its mission.

If in the present political controversy over the money question the great underlying principles this pamphlet unfolds chance to be in harmony with the views held by certain candidates for administrative or legislative office, or are incorporated in the platforms of any party or parties, it is not that the pamphlet is written in their behalf but because the candidates or parties either sincerely or otherwise favor the principles it upholds.

Political parties are not our masters, but should be our servants. We do not owe them allegiance, but they owe it to us to stand for policies and principles which shall best serve the country and the class to which we belong. Political parties are organizations of voters of the same mind seeking to establish some great economic principle of government or some necessary reform. When the end sought is accomplished the members of the organization are at liberty to continue with or seek other political party affiliations as patriotism for their country or their own interest. demands.

The Democratic party, for example, organized by Thomas Jefferson, sought to establish universal suffrage and the principles of the Declaration of Independence; in other words, as its name suggests, "the rule of the people." The Republican party was originally organized for a similar purpose, to inforce the principles of the Declaration of Independence as applied to chattel slavery by abolishing that corrupt institution. Both parties accomplished their mission. Other parties have been organized for other specific purposes.

It seems to be the fate of parties when once their mission is accomplished and they get into power to become the tools of the class seeking special privileges, who seek control in order to influence legislation and administration for selfish purposes. It therefore often happens that a party under corrupt leadership is found advocating principles or practicing policies directly opposite to their original mission.

The writer was himself a Republican until that party swerved from its former landmarks; he then stepped upon the higher platform of American citizenship, and resolved to stand and vote for principles and policies which if applied will best serve his country and humanity and affiliate with any party which for the time being upholds such principles.

With the hope of inducing others to let party ties bind lightly where the country's good and the welfare of its honest workers are involved this Catechism is respectfully submitted by the author.

JAS. W. WILSON.

WILSON'S NEW

FINANCIAL CATECHISM,

OR

THE MONEY QUESTION SIMPLIFIED.

INTRODUCTION.

WHAT is meant by "the money question"?

Answer—There is much more involved in the money question than the question of coining silver bullion for the benefit of silver-mine owners or of the relations of gold and silver, or whether the coins of the two metals can be made to circulate together in the same country at the same time, or how many dollars of each have been coined, "free silver," "16 to 1," and other minor details with which the minds of many have been confused by monopoly interests. The most important features of the question are:

1. The question of how to expand the quantity of money in circulation to keep pace with the expansion of our industries and commerce, thus to maintain an adequate supply of currency to facilitate exchanges of commodities, labor, transportation and property, and maintain the stability of the general average of prices.

2. The question of the restoration or adoption of a broader basis or agent of valuation, improperly called standard, to be composed, as prior to 1873, of the two metals gold and silver, each to have the right of free coinage at the mints on the most suitable ratio, thus to provide for an automatic expansion of the quantity of basic money as the demand for such money increases; and, on the principle that the average price of two products is subject to a less degree of fluctuation than either one alone, to maintain a greater degree of stability of prices than is possible under any form of monometallism.

3. The question whether the people, through the agency of the national government, shall issue and control the quantity of paper money necesary to maintain an adequate supply of cur-

rency, or whether it is wiser to delegate a monopoly of that important function to private corporations.

4. The question whether all forms of national money shall possess the important function of legal tender to a full degree, or whether the legal debt payer shall be confined to gold alone, as is sought in what is known as the single gold standard, or whether it is wiser to maintain our present mongrel system.

These questions are of vital importance to the welfare of all classes, and should be carefully studied without reference to previous political party affiliations or prejudice. There are other minor questions involved, but the above are of paramount importance.

Q. Why is the money question of paramount importance?

A. Because through the control of the right to issue money and regulate its quality and quantity or the control of the power which possesses such authority it is possible by limiting or contracting its quantity in relation to the demand for it to reduce the prices of property and products, lower wages, ruin or greatly oppress debtors to the advantage of creditors, enhance the value of securities and fixed incomes at the expense of real property and the industrial classes, and through the medium of debt, taxation, interest, transportation charges, etc., practically enslave the industrial and commercial classes and confiscate their property.

Judge John Barnary Byles, a noted English jurist, in his popular Political Economy, says:

"Men talk glibly of variations of the currency. Few reflect on the awful extent to which such changes affect the prosperity of all ranks. The laborer, the pauper and the beggar are as much interested in the currency question as the manufacturer, the shopkeeper, or the great proprietor of lands or funds, and even more."

Said the famous English Premier Pitt, at the close of the Revolution of 1776:

"If America adopts our system of finance, her boasted liberties will be but a phantom."

"Liberty cannot long endure," said Daniel Webster, "in any country where the tendency is to concentrate wealth in the hands of a few."

"Whoever controls the volume of money of any country," said James A. Garfield, "is absolute master of all its industry and commerce."

Prof. Brooks Adams of Boston in his pamphlet entitled "The Gold Standard," says:

"Perhaps no single force has wrought so unceasingly and yet so subtly on man's destiny as that mysterious influence which causes variation in the value of money with which he buys his daily bread."

With these all standard writers on political economy who base their conclusions on past financial experiences and all eminent statesmen agree.

Actuated by no partisan political bias and acknowledging allegiance to no party, but from the higher plane of Christianity and patriotic American citizenship, seeking only the greatest good for the greatest number, in particular the great army who earn their bread by honest toil, the writer has prepared and published this little work with intent to clear this great question from the mystication with which self-interest has surrounded it and make it plain to all classes.

Money and Its Functions.

WHAT is money?

A. Any suitable material stamped or printed with a certain face value by constituted authority and made the legal basis of prices, or agent of valuation; the legal medium of exchange and the legal instrument for the payment of debt.

Q. What are the functions of money?

A. To serve as a basis by which to measure prices or values or as the agent of valuation; a medium to facilitate the exchange of commodities and labor, and an instrument for the legal payment of debt.

Q. What is meant by the term "price?"

A. The exchange value of an article as measured by standard money. When we use the term weight, we mean the measure of a given article in standard pounds or subdivisions thereof. When the term length is used, we mean the measure of distance or an article in standard feet or inches. So when we speak of price, we measure by standard dollars or the subdivisions thereof.

Price, therefore, is the value of any given article in the currency by reference to which that article is measured.—The Question Concerning the Depreciation of Our Currency, Hinkisson, Page 4.

Q. What is meant by the term "value?"

A. It has two meanings—exchange value and intrinsic or true, real value.

Exchange value signifies the relative value of an article to other articles, as measured by the legal standard, and is subject to the law of supply and demand; while intrinsic value is the worth of an article as measured by the standard of utility, or its ability to satisfy human necessity. A bushel of wheat at $2 a bushel would support human life no longer than a bushel of the same quality which costs only 50 cents. The length of time the wheat will support human life represents its real value, while the price paid for it is its exchange value. The one never varies in articles of the same quality, while the other fluctuates under the law of supply and demand. Legislation cannot affect the real value, but it can the exchangeable value.

As a further example, a bushel of gold is of immense exchange value in civilized countries, but to a castaway on an uninhabited island would possess no intrinsic value, while the intrinsic value of a bushel of wheat would not be altered because it would sustain life for the same length of time as in any other place.

Q. Is it necessary to have a legal measure of prices and values?

A. It is as essential as to have a legal standard of weight or legal standard of length.

Chief Justice Chase says in the Legal-Tender Cases (12 Wallace, 583) that the necessity of a standard of value established by government "is indeed universally acknowledged. Without it the transactions of society would become impossible."

Prof. Francis Bowen says:

As a measure of value, then, money is an indispensable agent of commerce, and without it civilization itself would be impossible.—Am. Pol. Econ., 239.

Q. What is the difference between the standard of length or of weight and the measure of prices?

A. The first two as fixed by law are invariable, while the latter is variable, being subject to the law of supply and demand.

Q. How are the variations in the relative value of money seen?

A. In the rise and fall of free general prices and the general average of free wages.

Q. What is meant by "free" general prices and "free" wages?

A. The average price of all products or commodities not controlled by combinations or trusts, and the wages of unorganized labor; in other words, products and wages freely subject to the law of supply and demand.

The Price of Money.

WHAT may be said to be the price of money?

Q. The amount of labor, products, property or transportation necessary to expend in acquiring it.

Q. Does the price of money vary?

A. As measured by itself or by fixed charges or securities, whose terms are fixed in terms of money, no; but measured by labor or commodities it is as much subject to the law of supply and demand as any commodity. In other words, in its debt-paying power it does not vary, but in its exchange value it varies under the operation of the law of supply and demand.

Q. When may money be said to be dear or cheap?

A. An excellent answer to this question is found in the Encyclopedia Britannica under the topic "Money," page 720:

> The problem of determining causes of the value of money is a particular case of the general problem of values, but there are circumstances which render the inquiry more than usually complicated. Before considering these it will be well to deal with the use of the phrase "value of money," which has led to much confusion. In mercantile phraseology the value of money means the interest charge for the use of loanable capital. Thus when the market rate of interest is high, money is said to be dear; when it is low, money is regarded as cheap. Whatever may be the force of the reasons in favor of its use, it is only mentioned here for the purpose of excluding it. For our present subject the value of a thing is what it will exchange for. The value of money is what money will exchange for in its purchasing power. If prices are low, money will buy much of other things; hence it is of high value. If prices are high, it will buy little of other things, and is of low value. The value of money is inversely as general prices, falling as they rise, and rising as they fall. Now, in the general theory of value, it appears that the approximate condition which determines it is the equation between supply and demand. This is clearly the case in reference to money.

Under this definition money is dear when it will buy much, or when general prices are low, and cheap when it will buy little or when general prices are high.

Sound or Honest Money.

WHAT is meant by the terms "sound" or "honest" money?

A. Money possessing all the functions of money to a full degree so that one dollar regardless of the material out of which it is made is legally as good as any other dollar. Money which varies the least in price or exchange value and consequently best fulfils the function of an agent of valuation, neither oppressing the debtor class, which includes all producers of wealth, nor cheating the creditor.

Money which possesses the function as a legal instrument for the payment of debt (legal tender) without limitation and therefore cannot be discriminated against by the creditor to the disadvantage of the debtor.

Q. Is our present monetary system sound and honest?

A. It is neither, but has been largely framed in the interest of the creditor as against the debtor, for the financial classes as against the producers of wealth. Our gold coins alone possess the legal requirements of sound money to a full degree, but as the sole agent of valuation they do not constitute an honest agent because, on account of the insufficiency of the quantity of the metal out of which they are made to meet the demands upon it in fulfilling this function in our own and other countries which have adopted the single gold standard, it has increased and will continue to increase in relative value to the things it measures, thereby causing a fall in prices and wages, to the advantage of the financial classes and the loss and in very many cases the ruin of the industrial and mercantile classes.

Our silver coins, being legally discriminated against, are neither sound nor honest. They do not possess the right of free coinage legally accredited to gold and consequently can not be automatically multiplied to assist in meeting the ever increasing demands of commerce and industrial pursuits. They also only possess the function of a legal instrument for the payment of debt in a limited degree, being legal tender only "except where otherwise expressly stipulated in the contract," which gives the creditor the opportunity, of which he has freely availed himself, to discriminate against them in mortgage, rent, bond and other contracts, to the disadvantage of the debtor.

The treasury note is limited as to legal tender in the same way. The silver and gold certificates are not legal tenders, but are receivable for all public dues.

The greenback, while otherwise legal tender, cannot be legally used to pay custom dues or the interest on the public debt; a disqualification made at the time of their issue on the demand of and in order that the bondholders might be paid their interest in coin, which at that time was the more valuable; while the soldiers fighting for their country and all other debtors of the government were paid in the then less valuable money.

Lastly, the national bank note possesses none of the functions of either honest or sound money and has no excuse for existence, except that it is a profitable special privilege to bankers who secured its issue by taking advantage of the nation in the hour of its deepest distress and direst necessity to unduly influence legislation in their favor.

Q. How can these defects be remedied and all our money be made equally sound and honest?

A. By making the silver dollar legally as good as the gold dollar, with equal privilege of free coinage at the mint, thereby fixing the unit or agent of valuation in the two metals instead of one to secure a broader base or standard and on the principle that the joint or average price of two or more commodities fluctuate less than the single price of either to secure greater stability. Also by making all money regardless of the material out

of which it is made a legal instrument for the payment of debt without limitation or discrimination, and by wisely providing for its increase to meet the ever increasing demands of commerce and industry.

Legal Tender.

Q. What is meant by the term "legal tender"?

A. Legal-tender money is the only real money. It is constituted by law the legal instrument for the payment of debts, which the creditor is compelled by law to receive in payment of debt when tendered by the debtor. Money or alleged money which does not possess this function is a mere substitute for money, and money possessing it only in a limited degree is to the extent of the limitation defective and unsound. Practically all full legal-tender money is basic money, regardless of the material out of which it is made. Thus during the war of the rebellion and subsequently until the resumption of specie payments in 1879, when we said a thing was worth a dollar or we owed a dollar, we had reference to a greenback dollar, which then constituted the sole agent of valuation, medium of exchange and instrument for the payment of debts. This affords the reason why those who profit by dear money are seeking to limit the quantity of legal tender.

The Supreme court of the United States has affirmed by frequent decisions that congress has the right to determine what shall constitute legal-tender money without regard to the quantity or character of the material out of which it is made. Any substance—gold, silver or paper—upon which the edict of sovereignty can be stamped may be lawfully used and the creditor, if the law so determines, must receive it if tendered in payment of debt, and rightly so. It is the edict of sovereignty combined with the material which constitutes real money.

Q. What danger may be apprehended from the contraction of real money—money possessing the function of legal tender in a full degree—and the substitution of a non-legal tender?

A. It would place the debtor, usually the industrious creator or exchanger of wealth, at the mercy of the creditor, who is usually the wealthy capitalist, who would have the right at any time to refuse to take the substitute and demand legal-tender money. If legal tender should be confined to gold, the end sought in the establishment of a gold basis, the creditor would have the right at any time to demand gold, and in case the debtor is unable to obtain it to foreclose the bond or mortgage and confiscate the property.

While industrial and commercial affairs are running smoothly and the nation is at peace this danger may not be pressing or may seem remote, although it is even then possible for an evil-disposed creditor to put a debtor to great inconvenience, or in case of emergency to gain a legal advantage by refusing to take the substitute money tendered him; but the time to be dreaded and guarded against is a time of war, national danger or financial panic, when gold, ever cowardly, flees into hiding, leaving the debtor without the instrument with which to pay his debt. At such times substitute money is likely to be discredited, when the debtor would be compelled either to pay a heavy premium

to get legal tender, or, more likely, sacrifice his equity or property.

With upward of $25,000,000,000 of secured interest-bearing debt resting upon the shoulders of industry in this country, it would be the extreme of folly for the industrious creators and exchangers of wealth to vote to confine the legal instrument for its payment to the slender thread of gold. Such a policy would profit some money-lenders and absorbers of fixed incomes, but the best interest of the industrious workers who eat the bread of their own labor lies in the widest possible expansion of legal tender.

With one dollar just as good as another dollar in law—in other words, with all money full legal tender—this danger would disappear. The rich bondholder could not then in an emergency demand gold or its equivalent on the terms of his bond, to the ruin of the debtor and the intensifying of the distress resulting from the panic, or to the greater danger of his country when its life is threatened in the event of war, but would be compelled by self-interest to be patriotic and to assist in tiding over the panic or preserving the life of the nation, and as he would certainly be paid in the least valuable, in maintaining the parity of value of the different kinds of money. A government which makes one kind of money for the rich and another a substitute money for the poor is not seeking the welfare of the masses, but of the monopoly classes.

Unit and Standard.

WHAT constitutes the unit of account?

Under our system and that of Mexico and some other countries, the dollar; in England, the pound sterling; in Germany, the mark; in France, the franc; in Russia, the ruble, etc.

Q. What, theoretically, if not practically, under the present laws of the United States, constitutes the legal standard?

A. The gold dollar, of 25 8-10 grains of standard gold. A law of congress enacted February 12th, 1873, says, Section 14: "The gold coins of the United States shall be a dollar, which at the standard weight of 25 8-10 grains shall be the unit of value," etc. This act was reiterated in the currency bill passed in March, 1900. By this act also silver coins were further demonetized by making them unavailable for the payment of the public debt and for redemption purposes except for silver certificates.

Q. What formerly constituted the legal standard money of the United States?

A. When our monetary system was first established the standard was fixed in a dollar containing 416 grains of standard silver and the eagle, or $10 gold piece, containing 270 grains of standard gold. In 1834 the weight of the eagle was reduced about 6¼ per cent, to 258 grains. The decimal system of alloying gold was approximately adopted in 1834, but in 1837 it was adopted with precision. In 1837 the decimal system of alloying silver was adopted by the reduction of precisely 3.5 grains of copper in each dollar. There was no change in the pure silver. This system remains to-day without change.

Q. What is meant by the term "single gold standard?"

A. That gold coin alone shall constitute the measure of prices and the instrument by which debts are measured and paid. So that when we say a thing is worth a dollar we mean it is worth a gold dollar, or under free coinage the exchange value of 25.8 grains of standard gold or its equivalent in the general market, or when we contract a debt payable in dollars, we mean it is payable in dollars each of which is the equivalent in exchange value to 25.8 grains of standard gold. Thus 25.8 grains of standard gold serves as the basis of all exchanges and the measure of all debts, fixed charges and incomes, the terms of which are expressed in dollars.

Q. What is meant by the term "monometallism?"

A. That the coins of one metal only shall be standard money, and that all private debts and government obligations, including credit money, shall be payable or redeemable in the coins of that metal.

Q. What is meant by the terms "bimetallism" and "bimetallic or double standard?"

A. That the coins of legal weight of either gold and silver at a ratio fixed by law shall constitute the measure of prices and the legal instrument for the payment of debts.

On April 2, 1792, congress first established the mint, and under the constitution proceeded to provide for the coinage of money and to regulate the value thereof. The dollar was made the unit of account and standard coins were made out of the two metals alloyed to a legal standard of fineness. The law said:

> That there shall be from time to time struck and coined at the mint coins of gold, silver and copper of the following denominations, values and descriptions—viz.: Eagles, each to be of the value of ten dollars or units, and to contain 247 grains and 4-8 of a grain of pure or 275 grains of standard gold.

After providing for half eagles, each to be of half the value of the eagle, and quarter eagles, each to be one-fourth of the value of the eagle, the section continues as follows:

> Dollars or units, each to be of the value of the Spanish milled dollar, as the same is now current, and to contain 371 grains and 4-16 parts of a grain of pure or 416 grains of standard silver.

The act also provided for half dollars, quarter dollars, dimes and half dimes, each to contain respectively one-half, one-fourth, one-tenth and one-twentieth of the pure silver contained in the dollar. All these forms of money were made "a lawful tender in all payments whatsoever." The ratio was fixed at 15 to 1, that is, 15 ounces of pure silver was in coinage of the same value as one ounce of pure gold, and on this ratio the mints were opened to the free coinage of both metals. Thus the founders of our nation adopted two standard metals out of which they made two kinds of standard coins—absolutely equal as legal debt payers. Under this law, which also provided for unrestricted coinage of either metal, when we said a thing was worth a dollar, we meant that it was worth either the exchange value of 416 grains of standard silver or twenty-seven grains of standard gold, and when a debt was contracted, payable in dollars, the debtor had the option of paying it in dollars of either metal. Thus the

average value of both metals, at the legal ratio, measured prices and the coins of both constituted the legal instruments for the payment of debt.

Q. How do many misinterpret the meaning of the term bimetallism?

A. The advocates of the gold standard have in discussion persistently ignored the question of two standard coins, claiming that bimetallism means that coined gold and silver must circulate together, with the same purchasing power, in the same country at the same time, thereby confounding the function of money as the basis of exchange with its function as a medium of exchange. The question of monometallism vs. bimetallism is a question of two standard coins, a question of the basis of exchange. It is a question of the measure of general prices, not of the exchange of commodities.

In a speech made in Ohio in 1895, Senator Sherman erroneously said:

> The parity between gold and silver can only be sustained by the use of gold as a standard, with silver coined in limited quantities as a limited legal tender. This can properly be called bimetallism.

This is a common but mistaken definition of the term, as used by bimetallists, who have the first right to define its meaning.

The Century Dictionary thus defines the word "bimetallic" as applied to money:

> This word and its derivations are of recent origin, M. Cernuschi having been the first to use bimetallique, in 1869, and bimetallic, in 1876, of or pertaining to two metals; specifically, pertaining to the use of a double standard in currency.

Q. What is meant by the term "silver basis," or "silver" monometallism?"

A. That standard coins of silver alone shall constitute the measure of values. The United States would be on a silver basis if congress should discard gold as standard money and make the silver dollar the sole agent of valuation, and make all private debts and government obligations payable or redeemable exclusively in coins of that metal.

Q. Many claim that the United States is now upon a gold basis, and some that it has been on a gold basis since 1873, and others since 1834, and others 1853. Are any of these claims practically true?

A. No. The law of 1873, which discarded silver from the standard and made gold the unit of value, was the first step towards establishing a gold basis. Another step was taken when Secretary of the Treasury Foster under Harrison's administration ruled that,

> Coin obligations of the government are redeemable in gold coin where gold is demanded and silver coin where silver is demanded.—(See Treasury circular No. 23, page 13.)

Thus the government unwisely relinquished its momentously important option to pay in coins of either metal.

The currency bill passed in March, 1900, gives the sanction of law to this ruling by making the redemption of greenbacks and treasury notes in gold obligatory, at the option of the holder. It also makes it mandatory on the part of the secretary of the treasury to maintain a gold redemption fund of $150,000,000 for

that purpose in the treasury. Hitherto custom only, not law, construed the greenback as redeemable. Also the $100,000,000 redemption fund was maintained by custom without the authority of law. The scheme of this new law, which originated with the National Bankers' association, and was passed in their interest, is cunningly devised to place it in the power of the national banks to eliminate the greenback and treasury note from our monetary system and substitute in their place non-legal tender national bank notes, from the circulation of which they largely profit.

The bill provides that in case the redemption fund for any cause is reduced below $100,000,000, the secretary of the treasury shall replenish it to $150,000,000 by the issue and sale of three per cent gold bonds for gold. Also that greenbacks when redeemed shall not be reissued except in exchange for gold or government bonds. The process by which the national banks can impound greenbacks and substitute non-legal tender national bank notes therefor in circulation is simple. The redemption of greenbacks in gold when presented at the treasury department being now made imperative, it will be an easy matter for the banks to gather up and present greenbacks for redemption in quantities sufficient to deplete the gold reserve below the $100,000,000 mark, and thus compel the issue of three per cent gold bonds. The gold taken from the treasury can then be used to buy the bonds and the latter used as a basis of note issue under the national bank act. Thus the greenbacks can be hopelessly impounded and non-legal tender national bank notes substituted in circulation and the public debt increased, while the banks gain and the public is taxed the three per cent interest and the gold standard is more firmly established by the destruction of the competing legal-tender paper money.

This measure also provides for the refunding of government bonds to the extent of $847,320,000, which were payable in gold or silver at the option of the treasury department into thirty-year gold bonds. Thus so far as the government bond, United States note and treasury note obligations are concerned, by this act gold is made the exclusive instrument for the payment of debt, and the government is very unwisely made to further discriminate against its other forms of money in favor of gold. This is another step toward establishing the single gold basis, to the advantage of bondholders and injury of debtors and all producers. In other words, while providing non-legal tender silver certificates and national bank note substitutes for money for the debtor, the honest producer and exchanger of wealth, it stipulates that the wealthy bondholder shall be paid in full legal tender gold coin.

To the extent that other forms of money are legal tender, however, they fulfil part of the functions and to that extent relieve gold of a portion of its burden. When all other forms of money are deprived of the function of legal tender, an end sought by the financial classes, and gold alone possesses that function we shall be upon a single gold basis.

Standard vs. Agent of Valuation.

Q. Why is the word "standard" unscientifically applied to basic money?

A. Because it conveys the idea of a fixity, something established and invariable. As applied to a yard, pound or bushel the term is proper because those units of measure are established and invariable, but the monetary unit, especially if fixed in gold alone, is subject to fluctuations under the law of supply and demand to the same degree as other commodities.

In expounding this simple and self-evident law, Professor Torrens, in his work on political economy, says:

> Gold is a commodity governed as all other commodities are governed, by the laws of supply and demand. If the value of all commodities in relation to gold rises and falls as their quantities diminish or increase, the value of gold in relation to commodities must rise and fall as its quantity is diminished or increased.

Also in the report of the British bullion committee, page 11, we find the following:

> An increased demand for gold, and a consequent scarcity of that article, will make it more valuable in proportion to all other articles; the same quantity of gold will purchase a greater quantity of any other article than it did before; in other words, gold * * * will * * * rise.

The fact that gold is appreciating in purchasing power is admitted by leading authorities of the world. Mr. Giffin, a well-known writer on the question of money in England and an advocate of the gold basis, in his work entitled "A Case Against Bimetallism," written in 1890, says:

> The fall of prices is itself a proof that gold in relation to all the demands for it has been relatively scarcer than it was. Everybody who wants it has to give more for it.

Q. What would be a more scientific name?

A. Unit or agent of valuation.

Q. What is the most desirable, or, we may say, essential quality in an honest unit or agent of valuation?

A. As the agent which fixes the price level and measures prices fluctuates in relative value there must of necessity be a corresponding fluctuation in the price level of the things it measures, but in the opposite direction. Thus when money is scarce and dear commodities and labor become correspondingly cheap, and vice versa. The essential quality therefore in an agent of valuation is stability, so that it shall not increase in its purchasing power, thereby increasing the value of all things fixed in its terms and cheapening labor and commodities to the advantage of creditors and absorbers of fixed incomes and to the injury of all debtors and industrial workers, or diminish in exchangeable value to the injury of all creditors and those who draw fixed incomes and to the advantage of industrial workers.

Bad Effects of a Gold Basis.

Mr. Goschen, one of England's most eminent statesmen, in discussing this question in parliament, said:

> The fall of prices comes from the rising of gold. Fortunate are they who own sovereigns and unfortunate are they who own commodities, products and other goods.

He might have said, fortunate are they who own bonds, mortgages, fixed salaries and incomes as well as sovereigns.

In 1843 Leon Fauchet, in his work entitled "Researches Upon Gold and Silver," says:

> If all the nations of Europe adopted the system of Great Britain, that is, single gold standard, the price of gold would be raised beyond measure, and we should see produced in Europe a result lamentable enough.

Mr. Grenfill, ex-governor of the Bank of England, in an article on the money question, said:

> The fight against falling prices and stock depreciation is an impossible one. Men are holding on in hopes of better times, but no better times can come in gold countries where gold appreciates. The pitiable army of the unemployed must increase through no fault of their own.

Also the Westminster Review, speaking of the effects of the demonetization of silver which would tend to decrease the quantity of basic money, thereby enhancing its value, said:

> One of the things involved we hold to be the probable appreciation of gold; in other words, an increase of its purchasing power, and that consequently, unless fresh discoveries are made, prices have seen their highest for many a long day, and that debts contracted in gold will, by reason of this movement, tend to press more heavily on the borrowers, and that it will be well if this pressure does not become so intolerable as to suggest by way of solution something like universal repudiation.

America's eminent republican statesman, Jas. G. Blaine, in his famous speech in congress in 1878, referring to the effect of a fluctuating basis on various forms of property, said:

> I believe the struggle now going on in this country and in other countries for a single gold basis would, if successful, produce widespread disaster throughout the world. The destruction of silver as standard money and establishing gold as the sole unit of value must have a ruinous effect upon all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value and would gain a disproportionate and unfair advantage over every other species of property.

How to Secure Stability.

Q. How can a greater degree of stability to our monetary unit be secured?

It is a natural law that the broader the base the more stable and secure the structure. This principle will apply equally to money. If the custom of making gold and silver coins the basis or unit, now almost universal, must prevail, with all obligations ultimately payable and all other forms of money redeemable in coin, it naturally follows that a basis composed of the two metals would be broader and afford a greater degree of stability and security than if composed of either one alone. The single price of either wheat, cotton or pig iron, for example, is much more subject to fluctuation than the unit or combined price of all would be. So on the same principle the relative exchangeable value of gold alone or silver alone would fluctuate more than the unit value of both. For this reason a bimetallic agent of valuation is more honest and desirable than one confined to either metal alone.

Another argument for the broader base is that its increased quantity would lessen the liability of control and manipulation by powerful combinations. It would also greatly diminish the

peril to the stock and other markets so frequently encountered in the shipments of gold abroad, in other words, by the demand for gold and the struggle amongst the nations to obtain it.

If there was a sufficient quantity of either metal to fulfil all the requirements of basic money there would be less reason for the adoption of a bimetallic basis, but the experience of the world, more especially our own experience since 1873, when the warfare on silver began in this country, to be followed by others, has effectually demonstrated the insufficiency of gold to supply the demand created by the world's ever expanding industries and commerce. The great fall in prices experienced since 1873, especially the price of farm products and the general average price of farms, the disastrous panics of 1873 and 1893, with the following periods of severe depression and the other intervening periods of hard times are directly chargeable to the contraction and insufficiency of the quantity of money. While, on the other hand, the prosperous periods of the early 80's and 90's can be credited to legislation favorable to silver, viz., the Bland and Sherman acts, both of which increased the quantity of basic money. Also the measure of prosperity following the terrible hard times period from 1893 to 1898 may be credited to an increase of over $500,000,000 of money in circulation brought about by other means.

It is noteworthy also that during each period of depression prices reached a lower level than during the preceding similar period, while each reactionary period has failed to give the industrial classes the degree of prosperity attained under the one which preceded it, so that the industrial wealth producers are losing ground and wealth is accumulating in the hands of the few at the expense of the many. The absorbers of fixed incomes are gaining advantage over those who create wealth.

What the Authorities say of the Insufficiency of Gold.

Apropos of the question of the insufficiency of gold Edward Suess, the leading geologist and economic writer of Austria, in a published letter in 1892, said:

> Furthermore, it is certain that gold alone can never become the standard of the whole earth, but that on the contrary, a time will come when it will have been entirely absorbed by industry. Let us not forget Soetbeer's results, according to which the entire monetary stock of the earth is smaller, by almost one-third, than the production of the last forty years.

In another place, writing on the same subject, he said:

> The existing monetary stock of gold is overestimated, especially in comparison with the tasks incumbent on it.

John H. Lorimer, a leading republican manufacturer of Philadelphia, a close student and intelligent writer on the money question, in a letter in the Philadelphia American, Nov. 30, 1895, said:

> Is it not plain to the most ordinary intellect that there is not gold enough to form a sound or honest foundation for the final redemption of a tithe of the credit money needed for the business of the world? Is it not plain to the ordinary intellect that monometallism means a flood of irredeemable paper money and all the evils attached to such a currency? This is the meat of the whole question, and it is unwise to permit side issues to be brought into the discussion. Settle this question first, and the others will settle themselves quickly.

This necessity is already apparent, even under the present limited gold basis. The national banks are supplying the want with national bank notes.

If instead of some having the silver and some the gold basis, all nations would adopt the bimetallic basis, it would not only maintain a greater stability of prices, but facilitate commercial exchanges, which are now greatly inconvenienced by the varying prices of the two metals.

A Bimetallic Base Satisfactory.

In reference to the satisfactory employment of the two metals as basic money, Baron Rothschild, the world's greatest financier, said:

> The simultaneous employment of the two metals is satisfactory and gives rise to no complaint. Whether gold or silver dominates for the time being, it is always true that the two metals concur together in forming the monetary circulation of the world, and it is the general mass of the two metals combined which serves as the measure of the value of things. The suppression of silver would amount to a veritable destruction of values without any compensation.

That is, the discarding of silver as standard money would result in a disastrous fall in prices without compensation to owners of property.

Professor Nicholson, of Edinburgh, who wrote his work on monetary problems when the Bland law was still in force, in recognition of this principle, said, on page 181:

> If, for example, the United States were to repeal the Bland Act and throw her silver on the market, the consequences would be a further fall in gold prices and a further depression of trade, not in that country alone, but in every gold-using country.

As all full legal-tender money, regardless of the material out of which it is made, is basic money and fulfills all the functions of money, including that of the price maker and agent of valuation, a greater degree of stability of prices would be secured by making all our forms of money, both metal and paper, full legal tender.

Free Coinage.

Q. What is meant by the oft-repeated phrase "free silver"?

A. That silver, equally with gold, shall have the privilege of free coinage at the mints.

Q. What is meant by free coinage?

A. Any person possessing the requisite quantity of gold and silver bullion may take it to the mint and have it coined into legal tender money on personal account either entirely free or on payment of seigniorage to cover the cost of minting as the laws may prescribe. Gold is the only metal now coined on personal account without expense to the bullion owner.

Q. Why should the metal or metals, the coins of which are selected as basic money, have the right of free coinage?

A. So that the available supply of the metal or metals, whether coined or uncoined, shall be available for redemption purposes and to fix and measure prices. With the right of free coinage there can be no variation between the market and coinage values. The fact that a bullion owner can have his metal coined into legal tender dollars without expense makes the bullion at all times

as valuable as the coins. Consequently both are practically available as basic money and help in fixing the price level of commodities. Under our present system this is true of gold. It would also be true of silver if its coins were legal tender without limitation and it had the right of free coinage.

Q. How does the privilege of free coinage keep the coinage and market price the same on the ratio fixed by law?

A. By creating an unlimited demand for the bullion of both metals at the legal coinage ratio. The demand for full legal-tender money is unlimited and insatiable. The mines cannot produce sufficient to satisfy it. Hence the world is using between two and three thousand million dollars of uncovered paper money. The debts of the world are also enormous. The interest bearing debt in the United States alone amounts to about $25,000,000,000. It is self-evident therefore with an unlimited demand for money to pay debts there can be no variation between the price of bullion and coin under free coinage except the cost of getting the metal to the nearest mint. No one possessing $100 worth of gold or silver would sell it for less than $100 if he had the unlimited right to take it or send it to the nearest mint and exchange it for one hundred full legal tender dollars. On the same principle the established mint ratio between gold and silver must also be the market ratio of the two metals.

Bimetallic Agent Automatic.

Q. Why is the bimetallic agent of valuation automatic or self-expanding and thus more serviceable in maintaining the stability of prices?

A. By the operation of the law of supply and demand, and that other law, that mankind will seek that industry which promises the largest yield of profits.

If money is dear and the exchange value of products and labor low, and in consequence the demand for industrial products is diminished, capital and industry will naturally seek the mines because under such conditions they promise the largest yield of profit. This is illustrated by the present stampede for gold. If, on the contrary, money is plentiful and the demand for it is consequently less, good prices will prevail for labor and its products, which means an active demand and better profits in other lines of industry than in mining. Consequently capital and labor will seek other fields. Thus under the workings of this invariable law such a thing as an over-production of the money metals would be impossible, but nature's great till would be tapped as the quantity of wealth to be measured and exchanged and the needs of commerce demand.

Also the same ingenuity which is at work cheapening the cost of production of the utilities and luxuries of life as measured by labor, thereby increasing the demand and quantity of production, are at work cheapening the cost of mining the money metals and by the same rule increasing their quantity. On this principle it follows that if legislation had not interfered by demonetizing silver that the quantity of money would have automatically expanded to keep pace with the expansion of our industries and commerce and would have thus maintained the general price level.

Q. How is the bimetallic standard self-regulating?

A. On a similar principle that the bimetallic pendulum or balance wheel of a self-regulating clock or watch adjusts itself to the variations of temperature. The coins of both metals being full legal tender, in the case of any variation in the relative value of the bullion of either, the debtor will invariably choose the coins of the cheaper metal or that most easily procured with which to pay his debts. Thus the demand is wholly thrown upon the cheaper metal and the importance of the dearer is diminished until the difference in value is eliminated.

The well-known republican writer, Murat Halsted, in a published letter, explains the advantage of bimetallism. He says:

> The two metals support and regulate each other. The two afford an adequate basis for an abundant currency, and neither can be cornered in aid of the speculative schemes that are often prepared and always opposed to the general welfare.

Further on he says:

> If one metal rated according to the fixed ratio becomes dear, the option of payment in the cheaper coin makes a demand for it that enhances its value and the money unit is subjected to lighter fluctuation in comparison with commodities than is found in one metal. Copper and steel together in the same compensation balance-wheel of a chronometer and perfectly measuring time through all temperatures, illustrates the principle.

Purchasing Power of Money.

Q. What is meant by the purchasing power of money?

A. Its value in exchange for other things, or exchangeable value.

Q. What may be said to be the price of money?

A. The quantity of labor, commodities, or other property, or transportation it takes to buy it.

Q. Does the price of money vary?

A. It is as much subject to the law of supply and demand as wheat, iron or any other commodity. Thus, when money is plentiful, each piece becomes relatively less valuable, or it takes less of other things to buy it. We then say prices are high. On the other hand, when money, in relation to wealth and the demands of commerce, is scarce, it becomes relatively more valuable. We then say commodities are cheap or wages low.

Q. How is the price of money measured?

A. To measure the price of money it is necessary to take the average price of commodities and other property and labor or the price of all the factors of wealth and its producing agencies collectively as the basis.

While one, two or more of the factors of wealth may, under the law of supply and demand, vary greatly in relation to the other factors or with money, all the factors of wealth, taken collectively, have an intrinsic value or value of utility which may be considered as near as anything can be an invariable standard or basis for measurement. This is the basis used by political economists and statisticians by which to measure the fluctuations in the exchangeable value of money.

Money and Prices.

Q. What is meant by the quantitative theory of money?

A. It is the law of supply and demand applied to money. That the purchasing power of money is determined by its quantity in

relation to the quantity of the things it is called upon to measure and exchange, just as the exchanegable value of a bushel of wheat under the law of supply and demand is determined by the number of bushels in existence, coupled with the demand for it.

There is this difference, however, between money and wheat. While each fluctuates under the law of supply and demand, wheat is only a commodity, while money is the legal instrument for the payment of debt. Consequently, as it fluctuates, all debts, charges, incomes, etc., fixed in its terms fluctuate with it, so that when money in its exchangeable value becomes dear and each dollar will buy more of labor or commodities, debts and other things fixed in its terms will demand more of these articles in their payment. Contrarywise, when money is more plentiful and consequently cheaper, so that a dollar is exchangeable for a less amount of labor or commodities, debts and fixed charges become less burdensome.

Under this law, if for any reason the quantity of money is increased beyond the demands of industry and commerce, the general level of prices will rise, inducing increased industrial and commercial activity. Or if the volume is contracted or is not multiplied to meet the demands of our own or the world's ever-increasing volume of industries and commerce, prices will fall, and, in accordance with the degree of the fall, will be followed by the business stagnation, loss of employment, failures, loss of equities and general disaster which are the inevitable consequences of a change in the general level of prices from a higher to a lower plane.

Q. Why do those interested in establishing a single gold basis find it neccessary to deny the principle that the quantity of money in circulation in relation to the demand for it establishes the general level of prices?

A. No scientific writer who values his reputation would venture to deny such a time-established principle. Those who are doing so are either influenced by partisan political bias or are controverting the principle because their interest lies that way. As the historian Macaulay well said, it would not be impossible to find learned college professors who would deny the law of gravitation if the moneyed class were interested in denying it.

The financial class, while influenced only by principles of sordid greed in their efforts to contract the volume of the instrument for the payment of debt to gold, are of necessity compelled to an effort to make the industrial and commercial classes believe such a policy is for their benefit. To accomplish this they and the political party unfortunately championing their interests, in defending the policy, are put in an unscientific position by being compelled to deny a time-honored and experience-established principle, which, prior to the present controversy, was unquestioned by any standard economic writer or intelligent statesman. If those who produce the wealth by which all debts are ultimately paid, who earn their bread by honest industry, should come to fully understand the true import of the money question and what is involved in this principle, none know better than these same writers and those whose interests they are championing that the gold basis they are seeking would never be established, but, on the contrary, these industrial workers would not rest until a broader monetary base was secured, with the quantity of metallic

money supplemented by an ample supply of national full legal-tender treasury notes.

What the Authorities Say of the Relation of Money to Prices.

The great statesman, Wendell Phillips, in speaking on the subject, said:

Every writer on political economy, from Aristotle to Adam Smith, allows that a change in the currency alters the price of every ounce and yard of merchandise and every foot of land.

Professor Nicholsom of the University of Edinburgh, in his essay of monetary problems, says (page 168):

We cannot proceed a single step in any argument on general prices without assuming their dependence on the quantity of money.

On page 95, the same work:

The quantity of standard money, other things remaining the same, determines the general level of prices.

Again on page 166 of the same work he affirms that prices are fixed by the quantity of basic money. He says:

The key to the present controversy on the connection between the currency and the fall in prices is found in the dependence of prices on the quantity of standard metallic money. Those who experience difficulty in tracing this great and general fall largely to currency causes may find that difficulty much lessened by considering the way in which at previous times a rise in prices has undoubtedly been connected with the increase in the supply from the mines.

For the value of money, in general, is the quantity of all the money in the world, in proportion to all trade.—Works of John Locke, Vol. V., page 49.

A reduction of circulation must tend to lower prices.—Lord Overstone's Tracts, page 202.

John Stuart Mill, the recognized English authority on political economy, says, in his work on that subject:

That an increase in the quantity of money raises prices and a diminution lowers them is the most elementary proposition in the theory of currency.—Mill's Pol. Econ., Chap. 8, Sec. 4.

Other things being the same, an increase of the money in circulation raises prices and diminution lowers them.—2 Mill's Pol. Econ., Chap. 12, Par. 1; Ibid. Chap. 8, Sec. 2.

If the whole money in circulation was doubled, prices would be doubled. If it was only increased one-fourth, prices would rise one-fourth.

I apprehend that bank notes, bills or checks as such do not act on prices at all. What does act on prices is credit in whatever shape given, and whether it gives rise to any transferable instruments capable of passing into circulation or not.—2 Mill's Pol. Econ., Chap. 12, Par. 1.

It is claimed by the advocates of a gold basis that checks and drafts under our modern system takes the place of money, thus avoiding the necessity for so much of the real article. Mr. Mill, in the above quotation, correctly denies this claim and affirms that the substitute for money as affecting prices is credits. A check or draft is only an order to transfer money, and occupies the same relation to it that a bill of lading does to merchandise or an elevator receipt to grain in storage.

Ricardo, another standard writer, in his political economy, says:

That commodities would rise or fall in price in proportion to the increase or diminution of money, I assume as a fact that is incontrovertible; that such would be the case, the most celebrated writers on political economy are agreed.

Professor Walker, a standard authority on political economy in this country, says:

That prices will rise or fall as the volume of money be increased or diminished, is a law as unalterable as any law of nature.

Says Professor Jevons:

Prices may temporarily rise or fall independently of the quantity of gold in the country. Ultimately they must be governed by its quantity. Credit gives a certain latitude without rendering prices ultimately independent of gold.

This statement by Professor Jevons illustrates the danger of an over-inflation of credit substitutes for money. It breeds panics. Credit only represents a debt, the payment of which is deferred. When, for any reason, creditors become alarmed and too many of them demand payment of their debts at the same time, the impossibility of meeting their demands causes a scramble to get possession of the legal instrument of debt payment and a panic ensues. As a consequence, credits are withheld and withdrawn, and the credit substitute for money is rapidly diminished in quantity, causing a fall of prices to the general level of the quantity of real money.

Says Mr. Giffin, an English authority, himself an advocate of the gold standard:

On the whole, I see no other outlet from the situation than in the gradual adjustment of prices to the relatively smaller and smaller supply of gold which must result from the increasing numbers and wealth of the population of gold-using countries.

This change of prices from a higher to a lower level, as has already been shown, transfers wealth to the owners of securities and enhances the value of fixed charges and incomes. This affords one of the principal reasons why, during the last thirty years, wealth, beyond all precedent, has been massed in the hands of the few, to the loss of those who create it.

Stability of Silver Prices.

Q. What country now upon a silver basis affords a conspicuous example of a financial system based on silver?

A. Mexico. The Mexican silver dollar of 417.79 grains of standard silver constitutes the legal measure of values in that country, and all prices, including gold, are based, exchanges made, debts contracted and paid, upon the exchangeable value of 417.79 grains of coined silver or its equivalent. As silver has the right of free coinage at the Mexican mints, when a Mexican says an article is worth a dollar, or he owes a dollar, he means it is worth or that he owes the exchange value of 417.79 grains of standard silver in the world's markets. The Mexican treats gold as a commodity and buys and sells it as we do silver.

Q. What change has taken place in the relative exchangeable value or purchasing power of the United States and Mexican silvel dollars since 1873?

A. Prior to 1873 the United States was on a bimetallic basis and both gold and silver had the equal right of free coinage at the mints. Consequently, United States and Mexican silver dollars, containing about the same quantity of silver, had equal purchasing power in both countries. Since the demonetization act, Feb. 12, 1873, and similar successive acts by other countries, steps toward a world-wide establishment of the single gold basis, a gradual change has taken place, with the result that while the Mex-

lean dollar has remained stable, the United States silver dollar, following gold, has practically doubled in purchasing power.

Q. Have prices in other countries using silver or its equivalent as the agent of valuation also remained stable?

A. Remarkably so. General prices in India prior to the demonetization of silver in that country, China, Japan, South America, etc., also Cuba and the Philippines, where the Mexican dollar is the valuation agent, have varied but little during the past thirty years, while gold prices in the United States and gold-basis countries have, with occasional fluctuations, been on the descending scale, until the purchasing power of gold is now almost double that of silver on the established ratio of 16 to 1.

In adopting the gold basis, as she recently did, Japan recognized that gold had doubled in its purchasing power, and consequently cut down the weight of her gold coins to correspond to the market value of the silver in her silver coins, making coins legal tender for twice the amount of debt as before.

Silver Not Over Produced.

In pondering this problem England's most eminent students of finance, although favoring the gold basis as best for England, have acknowledged the stability of silver prices and the rise in gold prices, and have denied the claim that the fall in the price of silver, as measured by gold, was due to an over-production of the white metal.

Sir David Barbour, in a speech in parliament, said:

> When the gold price of silver began to fall, the opinion was very generally entertained that the fall was due to increased production of silver. * * * Attention was called as early as 1876, by the government of India, to the fact that it was gold prices that were falling, and not silver prices that were rising, and the experience acquired since that year has conclusively shown that the fall in the gold price of silver has been accompanied by a great fall in gold prices and not by a rise in silver prices.

The same thing was observed soon afterward by Mr. Giffen. He remarked in one of his essays:

> The decline in the value of silver might also be referred to as proving a relative contraction of gold. Gold and silver being both used as standard money, and gold having become more valuable than it was relatively to silver, there must either have been contraction in gold or expansion in silver. One or the other event must have happened. But there is no reason to believe in the expansion of silver, as silver prices, though they have risen as compared with gold prices, have not risen absolutely.

This fact has also been noted and commented upon by many other eminent writers and statesmen both in Europe and America, some of whom have presented elaborate tables, tabulating prices current in silver-basis countries for many years back to sustain their position.

Examples of Stability of Silver Prices.

It is noticeable even today that an ounce of silver bullion is exchangeable for about the same quantity of the general average of other commodities in the United States and other gold-price countries as before the warfare on silver began in 1873.

For example, the unit average New York export price of nine leading farm products—wheat, rye, oats, corn, cotton, raw sugar, live beef and pork—measured by gold and silver, in 1864 was 164.9, while the average or unit price of the same articles in 1896

had shrunk to seventy, or nearly sixty, per cent. The price of silver, measured by gold, in 1873 was 1.03, while in 1896 the market value of the silver in a dollar in New York had declined, measured by the same standard, to forty cents, or sixty per cent, or almost in exact ratio with the nine staple farm products.

Also taking the department of agriculture reports of the farm price of ten staple farm products—wheat, oats, corn, barley, rye, buckwheat, potatoes, hay, cotton and tobacco—measured in gold, the unit of which in 1873 stood at $1.23, but had fallen in 1896 to sixty-five cents, or nearly one-half. As measured by farm products, therefore, silver has remained remarkably stable. This proves conclusively that if silver had not been discarded as basic money, and the products of the silver mines could have been utilized together with gold as the valuation agent, the price of farm products would have remained stable throughout these years, and our farmers would now be getting double the prices now current.

Q. Should the United States make all forms of money legal tender and restore silver to its former position as basic money, with free coinage at the present ratio, what would be the effect and how would it affect different classes?

A. Industries would be extended, wages increased, higher prices would prevail for commodities, commerce be extended and property rise in price as compared with money and securities.

The financial classes would lose in the purchasing power of their securities, interest, fixed charges, etc. The industrial and commercial classes and owners of real property would gain.

The following, clipped from a gold-standard catechism published by the New York Evening Post, edited by the great apostle of the gold standard, Horace White, formerly editor of the Chicago Tribune, voices the opinion of security-holders on this question:

> Q. Why would free coinage harm those with fixed incomes or who draw interest?
> A. Because their incomes would remain unchanged as expressed in money, while their living expenses would increase enormously.
> Q. Why would their expenses increase under free coinage?
> A. Because of the violent, general and permanent rise of prices.
> Q. Would such a rise of prices be inevitable?
> A. It would necessarily follow the remonetization of silver.

While Mr. White's conclusion is an extreme one, there would be, as he says, an inevitable rise in prices. As the output of our silver mines is only from sixty to seventy million dollars coinage value a year, a large part of which is used in the arts, the increase in the quantity of basic money would be so moderate as not to justify the conclusion that the rise in prices would be violent. On the contrary, it would be healthful and would continue until the higher level of the volume of basic money is reached. Then, if the output of the mines should prove sufficient to supply the ever-increasing demands of our growing commerce and industries, price stability would be assured; if not, then it would be necessary to supplement the quantity of gold and silver with legal-tender paper notes.

This statement of Mr. White's serves to establish the principle, however, that under an increased supply of legal-tender money the fixed-income class would lose in the value of their incomes, while in a corresponding degree the producers of wealth would be benefited. What the fixed-income class failed to ac-

quire would remain in the pockets of the wealth-producers for them to enjoy.

A good illustration of the workings of this principle, showing the effects of the efforts to the contract legal-tender money to gold, may be seen in the increased exchangeable value of a United States bond, measured by farm products.

In 1896, for example, a $1,000 bond, costing $600 in gold, was exchangeable in prices then current for about 250 of the quantity units of wheat, corn and oats, whereas at par value in 1896 it would buy about 900 such units, or, allowing for the premium such bonds commanded in 1896, it would exchange for 1,000 such units; or it would pay for four times more farm products than when originally issued thirty years prior. The same bond at par value during the prosperous period following the Sherman act in 1891 at prices then current would have paid for 640 such units, and at the present time at prices for wheat, corn and oats now current 830 units.

On this basis it will be seen that a farm mortgage contracted in 1891 and continued to the present time would command about one-fourth of these representative farm products to cancel it than the proceeds of the mortgage would have paid for in 1891; or, if the mortgage had fallen due in 1896, about one-third more.

These figures which are based on the market price of these three staples for the years named, show conclusively how the contraction of legal-tender money robs the producer of the products of his labor for the benefit of those with "fixed incomes, who draw interest," or, in other words, those who live and thrive upon the proceeds of the labor of others.

A Broader Monetary Base Would Prevent Panics.

Q. In the event of the restoration of the bimetallic agent of valuation, with free coinage of both metals, and with all money made full legal tender, would the change produce a panic?

A. Most assuredly not. No panic ever yet was precipitated by an increase in the volume of basic money, but these disasters are invariably the result of contraction. An increase in the quantity of basic money of whatsoever nature, on the contrary, has uniformly resulted in increased prosperity to the wealth-producing classes, especially to the farmers, who are the first to feel its beneficial influence.

On the acknowledged and fully established principle that an increase in the quantity of money in relation to the demands for it raises prices, while its contraction lowers them, the reason is simple. Rising prices mean increased purchasing power of property, labor and its products in relation to debt, and diminished purchasing power of securities, fixed charges and incomes. Therefore, rising prices mean increased profits to capital invested in industries, real estate or commercial enterprises, farms, etc., and consequently commercial and industrial activity is stimulated, while increased opportunity for employment is afforded labor, resulting in better wages. An increase in employment and higher wages, in turn, produce increased consumption, resulting in increased production. It also lessens the burden of debt, interest, taxes, rents, freights and other fixed charges, and consequently gives the farmer, miner or other primary producer a greater surplus after these obligations are paid to spend on the products

of other people's labor. With this surplus he buys more clothing, carpets his floors, buys furniture, books, musical instruments, vehicles, machinery, adds to his house or barn or builds new ones, sends his children to college and thus contributes to both industrial, commercial and educational activity. In other words, rising prices, resulting from an increased supply of basic money, invariably produce a condition of prosperity.

What the Authorities Say of the Benefit of Rising Prices.

J. R. McCulloch, an English economist of note, says of an increasing volume of money:

> It promotes industry and diminishes the weight of obligations which press upon the producing classes, whether employed or unemployed.

Mr. Griffin, in his work on bimetallism, repeats a truth acknowledged by all unbiased writers on political economy. He says:

> And again I say that, whenever there is an abundance of good money in actual circulation, the demand for labor always exceeds the supply. There never has been an exception to this rule, and there never will be. And it is equally true that the volume of money never has been seriously contracted without causing the supply of workers to exceed the demand.

Thomas Tooke, in his work on political economy, says:

> New uses will be found for money when it is abundant. New avenues of commerce will be opened; new branches of industry will be essayed until increased production finds employment.

Professor Chevalier of France, in speaking of the increase of money, says:

> Such a change will benefit those who live by current labor and enterprise. It will injure those who live upon the fruits of past labor.

In other words, it will benefit the industrial, commercial and transportation classes, but will injure those who live upon interest or other fixed incomes which are not dependent on their own labor.

Of the beneficial effects of the increase in money caused by the discoveries of gold in California and Australia, the Encyclopedia Brittanica says, under the topic, "Money":

> A change in the value of money which may from the period of 1849 to 1869 be fixed at twenty per cent enabled a general increase in wages to be carried out, thus improving the condition of the classes living on manual labor.

Professor Jevons, one of the most renowned writers, and a standard authority on the money question in England, in speaking of the effects of the discoveries of gold in California and Australia, said:

> Thus, while industry, trade and property were rapidly advancing in Great Britain and other parts of the world, there was no corresponding advance in the production of the precious metals. Prices, both in gold and silver, continually receded.
>
> Now, if, while the introduction of railways, telegraphs and innumerable improvements accelerated the extension of trade and the consequent demand for the precious metals, no new discoveries of the precious metals had been made, what must have ensued? Prices must have continued in the downward course they had pursued for thirty or forty years before.
>
> But they did not continue in this course. On the contrary, they turned upward in a sudden and decided manner, as shown in the body of this tract. And this change was simultaneous with the discovery of the new gold fields. * * * If the philosophy of observation and common sense may be applied to statistical matters, we can

draw but one conclusion—that prices have risen in consequence of gold discoveries.

The gold discoveries had the double effect of arresting the fall of prices and then raising them. The total effect is not merely the rise that has occurred, but that rise plus the fall that would have occurred. This goes a considerable way to explain why prices have not risen so high as the vast supplies of gold might have led us to expect.

Professor Cairnes, a distinguished gold monometallist of England, has demonstrated that the discoveries of silver in New America produced rising prices, set on foot a host of industrial and commercial enterprises, and wonderfully stimulated the productive activity of the whole world.

The late lamented Gen. Francis A. Walker, speaking of this new supply of precious metal in the sixteenth and seventeenth centuries, said:

We may say that to this cause is attributed by sound and conservative writers the hastening decay of the obsolete feudal system; a decline in the hereditary revenues of monarchs, which, in England, at least, contributed greatly to promote popular liberties; a redistribution of wealth which, while it worked deep injury to many deserving persons living on income derived from the past, yet contributed greatly to forward the material and intellectual progress of mankind; a rapid growth of burgher populations, prompt to resent the encroachments of priests, king and noble, and a rising spirit of self-assertion on the part of the mechanic and artisan class.

Such a redistribution of wealth is now needed in this country.

Gen. Walker elsewhere asserts that "effects of similar character, but more extensive in their range, followed the gold discoveries of California and Australia."

R. M. T. Hunter, in a report to the United States senate in 1852, tells of the effect of the influx of precious metals resulting from the discovery of America upon human society. He said:

Of all the great effects produced upon human society by the discovery of America, there was probably none so marked as those brought about by the great influx of precious metals from the new world to the old. European industry had been declining under the decreasing stock of the precious metals and an appreciating standard of values; human ingenuity grew dull under the paralyzing influences of declining profits, and capital absorbed nearly all that should have been divided between it and labor. But an increase in the precious metals, in such quantity as to check this tendency, operated as a new motive power to the machinery.

The Testimony of History Showing the Benefit of More Basic Money.

The following is from an essay on money by David Hume, the great Scotch historian:

It is certain that since the discovery of the mines in America industry has increased in all the nations of Europe. * * * We find that in every kingdom into which money begins to flow in greater abundance than formerly everything takes a red face; labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plow with greater alacrity and attention.

A nation whose money decreases is at times weaker and more miserable than another nation which possesses no more money, but is on the increasing hand. Falling prices and misery and destruction are inseparable companions. The disasters of the dark ages were caused by decreasing money and falling prices. With the increase of money labor and industry gather new life.

Sir Archibald Allison, one of England's greatest historians, in commenting on this same subject, says:

The two greatest events that have occurred in the history of mankind have been directly brought about by a contraction and, on the other hand, an expansion of the circulating medium of society.

The fall of the Roman empire, so long ascribed, in ignorance, to slavery, egotism and moral corruption, was in reality brought about by a decline in the silver and gold mines of Spain and Greece. And, as if Providence had intended to reveal in the clearest manner the influence of this mighty agent on human affairs, the resurrection of mankind from the ruin which those causes had produced was owing to directly opposite set of agencies being put in operation.

Columbus led the way in the career of renovation. When he spread his sails across the Atlantic, he bore mankind and its fortunes in his bark. The annual supply of the precious metals for the use of the globe was tripled. Before a century had expired the price of every species of produce was quadrupled. The weight of debt and taxes insensibly wore off under the influence of that prodigious increase.

In the renovation of industry, the relations of society were changed, the weight of feudalism cast off, the rights of man established. Among the many concurrent causes which conspired to bring about this mighty consummation, the most important, though hitherto the least observed, was the discovery of Mexico and Peru.

If the circulating medium of the globe had remained stationary, or declining, as it was from 1815 to 1849, from the effects of the South American revolution and English legislation, the fate which crushed Rome in ancient, and has all but crushed Great Britain in modern, times would have been that of the whole family of mankind.

All these evils have been entirely obviated, and an opposite set of blessings introduced, by the opening of the great treasures of nature in California and Australia. * * * * The era of the contracted currency and consequent low prices and general misery, interrupted by passing gleams of prosperity, was at end.

Prices rose rapidly and steadily, wages advanced in similar proportion, exports and imports enormously increased while crime and misery as rapidly diminished. Emigration itself, which had reached (in 1858) 308,000 persons a year, sank to little more than half that amount. Wheat rose from 40s to 55s and 60s; but the wages of labor advanced in nearly as great a proportion. They were found to be 30 per cent higher, on an average, than they had been five years before.

In Ireland, the change was still greater, and probably unequaled, in so short a time, in the annals of history. Wages of country labor rose from 4d to 1s or 2s; convicted crime sank nearly one-half and the increased growth of cereal crops, under the genial influence of these advanced prices, was, for some years, as rapid as its previous decline, since 1846, had been.

At the same time, decisive evidence was afforded that all this sudden burst of prosperity was the result of the expanded currency, and by no means of free trade, in the fact that it did not appear until the gold discoveries came into operation, and then it was fully as great in the protected as in the free trade states.

The cause of the hard times during the forties in this century, just prior to the prosperity brought about by the increase in the quantity of money referred to, may be readily seen by consulting the United States mint report, which shows that the product of the mines during that period was exceedingly small.

From these multiplied historical evidences and the conclusions drawn from them by eminent authorities it is conclusive that an increase in the quantity of basic money inspires healthful vigor to society, stimulates industry, commerce and education, lessens crime and human misery, promotes happiness and national prosperity, especially the prosperity of the industrial workers.

Any reasoning mind, unbiased by previous party affiliations or environment, will readily see that the demonetization of silver, or the contraction of legal-tender money, would have precisely the same effect upon the prosperity of the world as when the supply of the precious metals from the mines was diminished.

while a restoration of silver to its former place as basic money with free coinage or an increase in the quantity of legal-tender money would have the same effect upon society as has uniformly resulted in the past from an increase in the quantity of the precious metals. It follows, therefore, as a natural sequence that the good of society as a whole and the cause of humanity—even liberty itself—demand that basic money shall be increased in quantity to keep pace with the ever-increasing demands of industry and commerce, especially so as inventions and scientific discoveries have cheapened the cost of production as measured by labor.

Effect of Falling Prices.

Falling prices naturally have the opposite effect of rising prices.

As prices fall it takes an increased amount of labor, its products or property to pay debts, interests, taxes, transportation and other fixed charges, so that fixed charges largely eat up the profits of the primary producer and leave him with but little surplus with which to buy the products of the labor of others. Consequently, the manufacturer experiences a greatly reduced demand for his products, the wage-earner loses employment, the merchant finds his trade diminished, and general stagnation results. The capitalist also becomes timid on account of the increased number of failures resulting from the general depression. Under such circumstances he calls in his money and is overcautious about loaning it out. As money increases in value in proportion as prices fall, he prefers to let it lie idle or invest it in good securities. No capitalist cares to invest money which is falling in price, but prefers securities which, when prices are falling, are correspondingly rising in value. Thus it happened that while industrial enterprises, no matter how meritorious, could not find capital, the last bond issue of $100,000,000 by the Cleveland administration was oversubscribed to the extent of $400,000,000. And the $200,000,000 bond issue due to the Spanish war was oversubscribed three or four to one. It also illustrates why, while real estate since the panic of 1893 has remained unsaleable and of decreasing value, there is plenty of money to be had on real-estate mortgages.

During the forties a period of depreciation occurred similar to that which this country has lately experienced. Of the cause of this condition Henry Clay said:

> Of all the conditions of society that is most adverse in which there is a constant and rapid diminution in the amount of the circulating medium. Debtors become unable to pay their debts, property falls, the market is glutted, business declines and labor is thrown out of employment. Selling becomes difficult and purchasers become scarce from an unwillingness to make investments with the prospect of almost certain loss. If the currency is greatly diminished, as beyond all example that has been, how is debt to be extinguished? Property, the resource on which the debtor relied for his payment, will decline in value, and it may happen that a man who honestly contracted a debt on the worth of property, which had a value at the time sufficient to warrant the debt, will find himself stripped of his property and his debt remain unextinguished.

President Andrews, late of Brown university, on the floor of the international monetary conference of 1892, referring to the fall in prices resulting from the discarding of silver as basic money, said:

> The general fall in prices has been an absolute and unmitigated curse to human civilization.

Mr. W. H. Crawford, at one time secretary of the treasury, said on the subject:

> All intelligent writers on currency agree that when it is decreasing in amount poverty and misery prevail.

Speaking of the results of a fall in prices, Professor Marshall of Cambridge university says:

> A fall in prices lowers profit and impoverishes the manufacturer, while it increases the purchasing power of those who have fixed incomes. So, again, it enriches creditors at the expense of debtors, for if the money that is owing to them is repaid, this money gives them a greater purchasing power, and if they have lent it at a fixed rate of interest, each payment is worth more to them than it would be if prices were high.
>
> But for the same reason that it enriches creditors and those who receive fixed incomes, it impoverishes those men of business who have borrowed capital, and it impoverishes those who have to make, as most business men have, considerable fixed money payments for rent, salaries and other matters.

The panic of 1873 and the hard times which followed until relief was afforded by the Bland law were caused by the violent contraction of the greenback currency and other legal-tender circulating notes outstanding at the close of the war, while the panic of 1893 and the hard times following were due to the warfare on silver in this country and the closing of the Indian mints and its demonetization in Austria and the sudden withdrawal of a large quantity of bank credits. On the other hand, the conspicuous periods of prosperity in the early eighties and early nineties were both produced by legislation favorable to silver. These incidents show conclusively that no danger, but only good, would follow the restoration of silver as an agent of valuation or an increase in the quantity of legal-tender money.

Some Later Examples Showing How the Prosperity of All Classes Has Been Affected by Legislation Affecting Money.

No more eloquent examples showing the relation of money to prices and the effects of its contraction on property are found than in the experience of our own people since the war of the Rebellion.

During the war the government wisely provided for its expenses, in addition to the sale of bonds, by issuing legal tender notes known as greenbacks, and other forms of notes, so that the value of legal tender money was largely increased. The total amount in circulation at the close of the war on the authority of the books of the United States treasury department was $1,996,678,770, or about $57 per capita.

Of this amount, on the authority of Comptroller Knox (in a speech at a bankers' convention, October 12, 1887), about $1,500,000,000 was legal tender. These various forms of notes were used either as bank reserves or as a medium of exchange during the period of their existence.

There was no gold or silver worth mentioning in the country at that time. The greenback and other legal tender treasury

notes constituted the agent of valuation, medium of exchange and instrument for the payment of debt, so that when we said a thing was worth a dollar or we owed a dollar we had reference to a greenback dollar.

As a result of this large volume of money, although immediately following a great war, the country was prosperous. The returning hosts of soldiers all found employment. Hugh McCulloch, then Secretary of the Treasury, said the people were practically out of debt.

Dec. 8, 1865, under pressure from the bondholders, who had bought the United States bonds at from 40 to 60 cents on the dollar and wanted to increase their value at the expense of property and the products of labor, congress passed a resolution authorizing the contraction of the volume of currency with a view to an early resumption of specie payments.

Abraham Lincoln, prior to his death, anticipating some such action, had said:

> If the government contracted a debt with a certain amount of money in circulation, and then contracted the money volume before the debt was paid, it is the most heinous crime that a government could commit against a people.

By December, 1873, the amount of money in circulation had been reduced to $765,679,685. The effect of this contraction was the severe panic of 1873 and the hard times following, which continued until relieved by the Bland law, passed in 1878.

Table Showing the Effects of the Contraction Culminating in 1873 on the Price Level and Prosperity.

The following table, compiled from authoritative sources, is eloquent in showing the effects of contraction on prices and business.

The first three columns show the relative combined average wholesale export prices of nine staple farm products on the New York market as measured by currency, gold and silver, respectively, from 1864 to 1873 inclusive. The fourth and fifth columns show the number of business failures and the amount of liabilities during the same term of years for the same period.

Year.	N. Y. Export Prices of Nine Farm Products in— Currency.	Gold.	Silver.	Business Failures.	Amount of Liabilities.
1864	..235.1	164.9	158.5	520	$ 8,579,000
1865	..243.7	155.0	149.7	530	17,625,000
1866	..190.2	135.0	130.3	1,505	53,783,000
1867	..175.3	126.9	122.6	2,780	96,666,000
1868	..175.9	125.9	122.7	2,608	63,694,000
1869	..163.7	123.1	120.1	2,799	75,054,054
1870	..144.0	125.3	122.0	3,546	88,242,000
1871	..121.4	108.7	106.0	2,915	85,252,000
1872	..116.5	103.7	106.0	4,069	121,056,000
1873	..112.5	98.9	98.4	5,183	228,499,900
Loss	212.6	66.0	60.1	Inc 4,663	$219,920,900

To measure the full loss to the producers as shown in this appalling fall in the prices of farm products it must be borne in

mind that the greenback was the debt payer of that period, all debts being contracted on a greenback basis, and that a debt contracted in 1864 would require three times more of the products of the farm in its payment in the same kind of money in 1873. The result of this great increase in the purchasing power of money is seen in the rapid increase in the number of business failures and the total liabilities. The former being ten times greater, and the latter about thirty times.

The Cause and Effect.

In 1876 in accordance with a resolution of congress, President Hayes appointed a monetary commission to investigate the causes of the change which had taken place in the relative value of gold and silver and its effects on trade. In their report made on March 2, 1877, occurs the following:

> The third and only cause of the stagnation in industry and commerce now everywhere felt, is the fact, everywhere existing, of falling prices, caused by a shrinkage in the volume of money.

The report still further said:

> An increasing value of money and falling prices have been and are more fruitful of misery than war, pestilence and famine.

The war debt of the United States in 1865, mostly payable in greenbacks, was $2,808,549,437.05. By means of the contraction of the currency the purchasing power of this debt in 1873 was more than doubled and its holders correspondingly enriched.

The Disastrous Period of 1873 to 1879.

The policy of contraction did not end with 1873, but took a new and more far-reaching and disastrous form in the demonetization of silver, by act of congress, Feb. 12, 1873, the effects of which were world-wide. By this act, followed as it was by the successive acts of foreign nations, the beneficial results which would have followed the great increase in the output of the gold and silver mines were more than neutralized.

The volume of the currency as between 1873 and 1879 was also further contracted regardless of the fact that population was rapidly increasing. The treasury department gives $722,314,883 as the amount in circulation for 1877, at which time it was at the lowest ebb.

Table Showing the Extent of the Fall in the Price Level.

The extent of the fall in general prices as a result of thus diminishing the quantity of basic money during the period between 1873 and 1879, and the effects of the Bland law during 1880, '81 and '82, are demonstrated to a certainty in the items composing the following tables, from index averages, compiled by the best known statisticians or taken from public documents of the United States.

Table showing the fall in prices from 1873 until 1879 and the increase in business failures caused by discarding silver as standard money and the revival in 1880 and 1881 under the influence of the Bland law:

Calendar year.	Sauerbeck's 45 commodities.	Economist's 22 commodities.	Economist's figures showing business and relative value of gold.	U. S. Senate's 223 articles.	Average gold farm price, 10 products.	N. Y. Export prices of 9 lead'g farm products in			Number of business failures.	Amt. of liabilities in round millions.
						Currency.	Gold.	Bar Silver		
	1	2	3	4	5	6	7	8	9	10
1873	111	95	5	122.0	123.0		98.9	98.4	5183	228
1874	103	93	8	119.4	131.1	121.7	109.4	110.7	5830	155
1875	96	90	11	113.4	102.3	119.9	104.2	108.1	7740	201
1876	95	87	15	104.8	99.9	97.0	96.9	97.8	9092	191
1877	94	88	14	104.4	97.8	99.5	95.0	102.2	8872	190
1878	87	81	23	99.9	84.8	80.3	79.6	89.5	10478	234
1879	83	71	41	96.6	102.0	77.6	77.6	88.3	6968	98
1880	88	82	23	105.9	106.5	86.3	86.3	97.4	4735	65
1881	85	73	30	105.7	134.7	97.1	97.1	110.3	6582	81
1882	84	78	28	108.5	110.9	113.2	113.2	128.9	6738	101

This period of depression, business stagnation, etc., from 1873 to 1878 was particularly severe upon the working classes, resulting, according to the U. S. senate report, in a loss of twenty-eight per cent in the wages of those employed, while the unemployed numbered a vast army. Many have cause to remember the fierce riots of 1877, when business in many cities was totally suspended for many days. This condition was relieved by the Bland law enacted in 1878. This law provided for the addition of from two to four million dollars a month to the stock of money.

The good effects of this healthful expansion of money were at once apparent.

Effects of Contraction and Expansion of Money from the View Point of the American Farmer.

In 1878, the year of the culmination of the great depression caused by the contraction of the greenback and other currency and the demonetization of silver, we produced crops and sold for prices as follows:

1878.	Bushels.	Average Farm Price.	Total Value.
Corn	1,388,218,750	$0.31.9	$440,280,517
Wheat	420,122,400	.77.7	325,814,119
Oats	413,578,560	.24.6	101,752,468
Unit of farm price		$1.34.2	$867,752,468

Agricultural population about 20,000,000.

Farm value of these three staples per farmer's family, $217.

Adversity Turned to Prosperity.

In 1881, when the beneficial influences of the increase in the quantity of money afforded by the Bland silver law passed in 1878 had begun to be felt, we find the following remarkable increase in prices resulted:

1881.	Bushels.	Average Farm Prices.	Total Value.
Corn	1,194,916,000	$0.64	$ 759,482,170
Wheat	383,380,090	1.19.2	456,880,427
Oats	416,481,000	.46	193,198,970
Unit of farm price		$2.29.2	$1,409,561,567

Agricultural population, 21,000,000.

Farm value of these three staples per farmer's family, $335, a gain of $118, or over one-half.

As a consequence of this prosperity industrial development and commerce took great strides forward. Farmers imported improved breeds of live stock by ship loads to improve their herds and flocks. Inventors received new inspiration. It was the era which produced the twine binder and other great agricultural inventions. As a result of this rapid progress the Bland law being inelastic soon proved insufficient and prices again began a downward trend and the wheels of progress were again checked.

Unless money is multiplied in ratio to the increase in the demands of industry and commerce the effects are the same as those following contraction. The price level cannot remain higher than the money level.

Another Measure of Relief.

To afford relief the republican congressmen in caucus led by Major McKinley resolved to give relief to the farmers by the passage of a bill authorizing the free coinage of both gold and silver on the ratio of 16 to 1. This bill passed the house, but through the influence of Senator John Sherman failed to become a law, but a compromise was effected known as the Sherman act. This act increased money at the rate of about $4,500,000 a month. The notes issued representing the silver dollars were also full legal tender except when otherwise stipulated in the contract. In the debate in congress at this time Wm. McKinley, now president of the United States, said:

> "I am for the largest use of silver in the currency of the country. I would not dishonor it, but would give it equal credit and honor with gold and would make no discrimination, but would utilize both metals as money and discredit neither. I want the double standard."

The highly beneficial effects of this relief measure may be seen in the advance of the price of the same three staples. It will also be seen that this advance in price was made in the face of increased production.

We take the year 1889, just prior to the act, and 1891, when its influences were beginning to be felt, as the basis of illustration:

1889.	Bushels.	Average Farm price.	Total Farm value.
Corn	2,112,896,000	$0.28.3	$ 597,918,829
Wheat	490,560,000	.69.8	342,491,707
Oats	751,515,000	.22.9	171,781,009
Unit of farm value		$1.20.0	$1,112,191,545

Farm population, 25,000,000.

Farm value of these three staples per farmer's family, $222. Loss compared with 1881, $113; gain over 1878, $5.00 per family.

1891.	Bushels.	Average Farm price.	Total Farm value.
Corn	2,060,154,000	$0.40.3	$ 836,439,228
Wheat	611,780,000	.83.9	513,472,711
Oats	738,394,000	.31.5	232,312,267
Unit farm price		$1.55.7	$1,582,224,206

Total farm population, 26,000,000.

Farm value of these three staples per farmer's family, $302. Gain over 1889, $80 per family; loss compared with 1881, $33 per family.

In a message to congress President Harrison said of the beneficial effects of the Sherman act:

> The enlargement of our currency by the silver bill undoubtedly gave an upward tendency to trade and had a marked effect on prices, but this natural and desired effect of the silver legislation was by many erroneously attributed to the tariff act.

Hon. Jerry Rusk, Secretary of Agriculture during the Harrison administration, also said, on page 8, Report of 1890:

> The recent legislation looking to the restoration of the bimetallic standard of our currency, and the consequent enhancement of the value of silver, has unquestionably had much to do with the recent advance in the price of cereals. The same cause has advanced the price of wheat in Russia and India, and in the same degree reduced their power of competition. English gold was formerly exchanged for cheap silver, and wheat purchased with the cheaper metal was sold in Great Britain for gold. Much of this advantage is lost by the appreciation of silver in these countries. It is reasonable, therefore, to expect much higher prices for wheat than have been received in recent years.

Lowest Price Period and Hardest Times and the Cause.

The following table for 1896 will show the full effects on prices of the repeal of that part of the Sherman act designed to expand money to keep pace with our ever-increasing trade and productive industries, and the efforts of legislative and administrative acts designed to make money dear and products cheap:

1896.	Bushels.	Average Farm Price.	Total Farm Value.
Corn	2,283,875,165	$0.21.5	$ 491,006,967
Wheat	427,684,346	.72.6	310,602,539
Oats	707,346,404	.18.7	132,485,033
Unit of farm value		$1.12.8	$934,093,539

Farm population, 28,000,000.

Farm value of these three staples per farmer's family, $166. Loss compared with 1891, $136 per family. Loss compared with 1881, $169, or more than double. Loss compared with the hard year of 1878, $51 per family.

A Favorable Advance in the Price Level and the Cause.

The political campaign of 1896 was memorable. The democrats, populists, silver-republicans and prohibitionists rightly insisted that the hard times were due to a low price level brought about by the contraction of money and agreed that the remedy was in an increase of basic money. Each of the platforms demanded the restoration of the bimetallic agent of valuation, with

free coinage of both metals on the prevailing established ratio, and that full legal tender notes be issued to replace national bank notes.

The republicans, on their part, insisted that the low price level was due to an over-production of wealth; that the farmers and mills had produced food and goods beyond the demand; also that the inventive genius of the country had greatly cheapened the cost of production, consequently the price level should naturally be lower. They also claimed that falling prices and a low price level was an advantage because it enabled the people to buy the things they needed for less money. "The dearer the dollar the better the dollar" was their campaign slogan.

The unexpected happened, however. By a combination of fortuitous circumstances, such as the discovery of gold in the Klondike, the large increase in the world's gold supply from the mines, a large increase in bank note circulation in Europe, release of hoarded gold and silver by the bank of England to the extent of $150,000,000, Bank of France to the extent of $23,000,000, Bank of Germany $24,000,000, Bank of Russia about $150,000,000, which in addition to the amount of the increase in gold from the mines available for coinage went into circulation; failure of crops in the fields of our competitors in 1897 and a great shortage in Europe with bountiful crops in this country which greatly increased our foreign exports and turned the tide of money our way; the famine in India, hitherto a formidable competitor of our wheat and cotton, all have contributed to increase both the money level and price level. As a result without any legislation or action on the part of the administration and to the discomfiture of the avowed republican economic principles and policy, the quantity of money in circulation in the United States since 1896 to June 1st, 1900, increased $568,000,000, raising the price level and providing better conditions for farmers and the working people.

The result of the increase in money is seen in the rise in prices of the three staples before mentioned as follows:

A Slight Gain.

1899.	Bushels.	Average Farm Price.	Total Farm Value.
Corn	2,078,143,933	$0.30.3	$ 629,210,110
Wheat	547,303,846	.58.4	319,545,229
Oats	796,177,713	.24.9	198,167,975
Unit of farm price		$1.13.6	$1,146,923,314

Estimated farm population, 31,000,000.

Farm value of these three staples per farmer's family, $184. Gain over 1898, $12 per family. Gain over 1896, $18 per family. Loss compared with 1891, $118 per family. Loss compared with 1881, $151 per family. Loss compared with hard year 1889, $38 per family. Loss compared with hard year, 1878, $33 per family.

Farm Prosperity Would Have Been Greater But for Trusts.

The price of farm products would have been much higher had it not been for the intervention of mischievous monopoly com-

bines, called trusts, which since 1896 have been multiplied beyond all precedent. Through the power of monopoly the price level of the articles controlled has been raised above the normal, thereby not only robbing the consumers by exacting too high prices, but tending to depress the price level of raw materials, labor and articles not controlled by trusts.

As Measured by Price of Live Stock.

As a further comparison we give the statistics on live stock for 1892, 1896 and 1899.

1892.	Number of Head.	Farm Value.
Horses	15,498,140	$1,007,593,636
Mules	2,314,699	174,882,070
Milch cows	16,416,351	351,378,132
Beef cattle	37,651,239	570,749,155
Sheep	44,938,365	116,121,290
Hogs	52,398,019	241,031,415
Total farm value		$2,483,506,681

Farm population, 25,500,000.

Value per farmer's family, $487.

1896.	Number of Head.	Farm Value.
Horses	15,124,057	$ 500,140,186
Mules	2,278,946	103,204,457
Milch cows	16,137,586	363,955,545
Beef cattle	32,085,409	508,928,416
Sheep	38,298,783	65,167,735
Hogs	42,842,759	186,529,744
Total farm value of live stock		$1,727,926,084

Estimated farm population, 28,000,000.

Value per farmer's family, $308. Loss per family, $179.

1899.	Number of Head.	Farm Value.
Horses	13,665,307	$ 511,074,813
Mules	2,134,213	95,963,261
Milch cows	15,990,115	474,233,925
Beef cattle	27,994,225	637,931,135
Sheep	39,114,453	107,697,530
Swine	38,651,631	170,109,743
Total farm value		$1,997,010,407

Farm population, 31,000,000.

Value per farmer's family, $322. Gain per family over 1896, $14. Loss compared with the prosperous year 1892, $165 per family.

It will be seen we have not recovered what was lost since 1892, but that each period of depression has reached a lower price level, while each period of returning prosperity has failed to reach the former position, so that the industrial classes are losing ground. This accounts for the massing of wealth in the hands of the few at the expense of those who create it.

What Bimetallism Would Have Accomplished.

Q. If instead of the Bland law or the Sherman act the effort to replace silver as basic money, with free coinage, had been accomplished, what would have been the result?

A. We have reason to believe the same agencies at work increasing the production of farm and other products would have operated to increase the products of the mines, thereby automatically increasing the quantity of the valuation agent to keep pace with increased production and commerce, so that the price level of 1881 or 1891, as the case may be, would have been maintained. As a result less of the products of labor would have gone into the hands of the absorbers of fixed incomes and more would have remained in the hands of the industrious workers and exchangers of wealth. As a consequence many farm and home renters would be owners and those who have lost their equities under mortgage on their property during the panic would be enjoying the farms, homes and business prosperity to which they are entitled.

Q. If the champions of bimetallism and national full legal tender money had triumphed in 1896 and a free coinage law had been enacted what would have been the result?

A. The same natural conditions would have followed, while to these would have been added the amount of money the silver mines would have produced, so that the prosperity would have been greater, and being based on a more substantial and less fluctuating basis its permanency would have been assured.

The Ratio.

Q. What is meant by the ratio as applied to gold and silver?

A. The relation in weight or price one metal sustains to the other in coinage or commerce.

The coinage ratio expresses the relative value of the two metals in coinage as fixed by law and is also called the legal ratio.

The commercial ratio expresses the relative price of the bullion of the two metals in commerce.

Q. What is meant by the oft-repeated phrase "16 to 1?"

A. It expresses in round numbers the present ratio of our gold and silver coins which is in reality 1 to 15.98, established in 1877, and means that 16 oz. of silver shall have the same value minted into coins as 1 oz. of gold. Should the bimetallic agent of valuation be again restored in the United States bimetallists maintain that it should be upon the present coinage ratio of 16 to 1.

Q. What is the range of variation of the coinage ratio of the different countries of the world?

A. From 1 to 15 in India to 1 to 16½ in Mexico

Q. What ratio has most countries adopted?

A. 1 to 15½.

Q. What is the average of the different ratios adopted in different countries which may be termed the world's average ratio?

A. In round numbers, 1 to 15.62.

Q. In what way has this ratio been established?

A. It represents the relative value established by centuries of

experience in the relative cost of mining the two metals and of the demand for coinage and for use in the arts.

Q. What is the quantity ratio of the world's production and available supply of gold?

A. Taken year by year it does not vary much from the coinage ratio. That is in weight about sixteen times more silver is produced than gold. In reality, sixteen and a small fraction to one —16 to 1, may therefore be properly called the natural ratio.

Q. What is the relative value of silver coins to gold in gold basis and bimetallist countries?

A. It is all maintained on a parity with gold at the established legal ratio of the different countries.

Q. What is the probable relative value of the uncoined silver in such countries?

A. As it has all been utilized in the arts and therefore there has been added to its original cost the cost of labor, manfacturers, wholesaler and retailers' profits in all probability it is even more valuable per ounce than that coined into money.

Q. If the bimetallic agent of valuation with free coinage should be re-adopted what amount of silver would be affected?

A. Only the new product of the mines.

Q. What does that amount to in the United States?

A. About $70,000,000 coinage or legal value per year.

Q. How much of that would be available for coinage?

A. If none was shipped abroad, about $60,000,000.

Q. Would the adding of $60,000,000 a year to the quantity of money in circulation be likely to disastrously effect the country's credit or financial stability or in any way cause a disturbance or panic in financial circles?

A. The assumption is absurd. Such a trifling increase in itself would be insufficient to meet the demands of our rapidly expanding industries and commerce. Between the years 1896 and 1900 over $560,000,000 or $140,000,000 a year has been added to the circulating medium, with no other perceptible influence except to raise the price level and thus stimulate industrial and commercial activity, resulting in better conditions for the industrial classes. Conditions would have been better still, however, had all this money been full legal tender as is proposed by bimetallists.

How Open Mints Maintained the Ratio.

Q. If the free coinage plan should be again adopted what would be the effect on the commercial ratio?

A. As only the new product of the mines would be affected, a mere bagatelle as compared with the entire quantity of silver, the price of silver bullion would be raised to the commercial value. That such would be the case is established by hundreds of years experience.

"It is upon this principle," said Professor Jevons, writing in 1874, "that we must explain the extraordinary permanence of the ratio of exchange of gold and silver. That this fixedness of ratio does not depend upon the amount and cost of production is proved by the very slight effect of the Australian and California discoveries." (Bimetallism: A Tract for the Times, by Prof. Francis A. Walker, page 16.)

Q. In the event of the restoration of the bimetallic agent of valuation and the free coinage of both metals on the ratio of 16

to 1, would not a large quantity of foreign silver be shipped to this country in exchange for gold, thereby denuding this country of gold and substituting silver coinage?

A. There is no basis for such a conclusion. The European nations are absorbers not producers of silver. Their coinage also is at a higher ratio than 16 to 1. If they should ship their silver to this country therefore to be coined at the ratio of 16 to 1, it would not only denude them of currency but involve a loss in the transaction. It is also not likely they would ship their silver spoons or other silver utilized in the arts. This would also involve a loss. Mexico and other silver standard countries where silver is the basis and gold a commodity, would gain nothing by exchanging silver for gold. If they should ship silver to this country and exchange it for other commodities it would be to our advantage as it would stimulate industry and trade while increasing the quantity of basic money in this country. Even if the assumption should prove true no harm but good would result not only to ourselves but to the world. If silver coins were made as good as gold coins in law they would be so in fact.

Effect of a Change of Ratio.

Q. In the event of the restoration of the bimetallic agent, what would be the effect of a change of ratio, adopting the present commercial ratio instead of the coinage ratio?

A. First—It would necessitate the re-coinage of all silver dollars, a tedious and useless process.

Second—It would contract the quantity of silver money and its equivalent one-half, or about $300,000,000, and unless counteracted by an issue of an equal amount of full legal tender paper money would greatly lower the general price level to the injury and ruin of debtors, producers and smaller business men. The bondholders and fixed income classes would not seriously object to bimetallism on such a basis as it would cheapen products and enhance the relative value of securities.

Q. What would be the wise course if the present commercial ratio should be decided upon as the basis?

A. To follow the example of Japan. Recognize that gold has risen in its purchasing power and diminish the weight of metal in the gold coins one-half while retaining the same debt paying power of the coins. The Japanese law in adopting the gold standard, Art. 15, says: "Gold coins issued before the issue of this law to be circulated at double their face value." The better way, however, would be to retain the present natural ratio of 16 to 1.

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Currency and Credit Money.

Q. In passing from hand to hand as a medium of exchange what is money called?

A. Currency or the circulating medium.

Q. What forms of money constitute the circulating medium?

A. All kinds of money are designed and more or less used for currency. Paper money is most used for this purpose because it is more convenient, especially for large transactions. Gold

and silver, except in small amounts or in the case of silver for fractional currency, are best used for treasury and bank reserves, and paper money for the circulating medium. It has been found necessary to issue both gold and silver certificates to circulate in lieu of the coins.

Q. Is all currency necessarily legal tender?

A. Our savants who make the laws have unfortunately not so reasoned; otherwise, instead of our hodge-podge system now existent one dollar would have been made as good as another dollar in law, the dollar which the law stipulates the bondholder may demand should be no better in law than the dollar circulated among those who produce wealth. No money ought to be authorized as a part of the circulating medium which cannot be used also as a full fledged instrument for the payment of debt. Our present monetary system, under the plea of establishing and maintaining the credit of the country, has been framed in the interest of the money lenders rather than the industrial workers.

Q. What is credit money?

A. Money made redeemable in other forms of money, usually non-legal tender notes, such as our national bank notes, silver and gold certificates. The greenback was originally irredeemable basic money but the currency bill has made it redeemable exclusively in gold.

Q. What has been the world's experience in reference to credit money?

A. That when financial matters are running smoothly in a country authorizing it no one wants to redeem credit money, while in the event of a crisis every one wants to redeem, only to find redemption a fiction. There never is sufficient redemption money to supply the demand. Like non-legal tender notes the fiction of redemption is a scheme to enable the financial class to protect themselves in the event of a crisis at the expense of the wealth producers. The fiction of redemption is an ineffective substitute for legal tender to make credit money for the time being pass current with real money.

The gold monometallists, for example, are seeking to make all forms of money credit or token money except gold. This would make in the United States about $1,400,000,000 of credit money, together with all debts, redeemable or payable exclusively in gold. It will be readily seen that should this plan be adopted in the event of a crisis the quantity of gold would be a mere bagatelle, which would go quickly into hiding or be cornered as it is now held by the banks and gold speculators.

Q. Aside from the matter of convenience, why is it necessary to use paper for money?

A. Because there is insufficient gold and silver in the world to supply the demand for reserves and for a medium of exchange, and there is no immediate possibility that the mines will produce enough for that purpose. The world now finds use for about $3,000,000,000 of uncovered paper money in excess of that represented dollar for dollar by gold or silver coins or bullion. Our growing civilization and methods of commerce demand an ever increasing quantity of money per capita.

Bank Credits, Drafts and Checks as Currency.

Q. To what extent, if any, do bank checks, drafts, etc., take the place of currency?

A. A check or draft is only an order to pay money which one person gives to another to avoid the inconvenience and risk of handling the money itself. The bank for convenience is made the receptacle. The check is an order on the banker to transfer to the credit of the holder the amount specified on its face. When a check or draft is drawn, if drawn legitimately, the currency to pay it must be in the bank to the credit of the drawer. The check or draft, therefore, no more takes the place of currency than an order on a warehouse or the certificate of deposit on grain in an elevator takes the place of the merchandise or the grain. The check transfers the money credit the same as the transfer of an elevator receipt transfers the grain. The one no more lessens the demand for currency than the other does the demand for grain.

Q. What does take the place of currency in our present banking system?

A. Bank credits coupled with checks and drafts.

Q. How and to what extent do bank credits take the place of currency?

A. When a person or business firm with good credit is short of currency, with permission of the bank, checks or drafts are drawn against its credit, or the firm discounts its note at the bank or the notes which it has received from its customers in the transaction of business. The amount of such notes, less the discount, is placed to the credit of the person or firm, and checks or drafts are drawn against it. For example, according to United States treasury statistics, on a certain day in 1893, the total deposits in banks of all kinds was $4,848,862,680, whereas the actual cash in said banks was less than $800,000,000, showing an extended bank credit of upwards of $4,000,000,000, against which the business community were drawing checks and drafts. The same date shows loans and discounts amounting in round numbers, to $4,500,000,000. This vast sum, in the amount that it exceeds the currency in the banks, shows the extent to which bank credits, with the accompanying checks and drafts, at that time took the place of money as a medium of exchange.

Objections to Bank Credit Currency.

Q. What are the objections to bank credit currency?

A. First—The amount of the interest thereon is a burdensome tax upon all commercial transactions, which in the event of a larger issue of legal tender money by national authority would be saved.

Second—It puts the industrial and commercial world in the power of the banks. They can at will ruin any business house accustomed to depend upon bank credits. Under our system of limited currency and extended credits it is now about impossible to transact business without the aid of bank loans. We need not search far for examples of unnecessary business wrecks caused by the unexpected withdrawal of bank credits. A forcible illus-

tration of the formidable power and danger of the system is seen in the use of this power in the conspiracy to precipitate the panic of 1893 entered into deliberately by a number of big New York banks to compel the repeal of the purchasing clause of the Sherman act. Also during the election of 1896 to coerce voters to compel them to vote for candidates favorable to the interests of the financial classes under threat of a withdrawal of credits.

It is probably impossible to do away entirely with the bank credit system, although as long as it exists we shall have panics and periods of inflation and contraction, but it will be possible to largely mitigate its evils by supplying more real money so that those who choose to be forehanded and independent may have the opportunity to be so. In old-time financial methods the banker loaned his own money only. Now he loans not only his money and other peoples' but his credit also to the utmost. In this way for every dollar he owns or can induce other people to deposit with him he loans and draws interest on five dollars.

Objections to National Bank Notes.

Q. From an economic standpoint, aside from the fact that a national bank note does not possess that most important function of sound and honest money, legal tender, what other difference exists between it and metallic money or national notes?

A. Gold and silver money represents the value of labor expended in mining the metal. A national note represents labor performed to earn it into circulation, or something of equivalent value given the government in exchange for it. Both these forms of money when in circulation therefore are practically certificates or title deeds to their face value in labor or property. The national bank note, on the other hand, is loaned into circulation and represents a debt, on which as long as it is in circulation, interest must be paid by some one. Like bank credits, it demands an interest tax which the banks are able by law to levy upon industry and commerce. In fact, a double tax, as the bank also draws interest upon the bonds deposited in the treasury as security for the notes. The difference therefore is that national money after it is in circulation costs the people nothing for its use, while national bank notes demand a perpetual royalty.

Q. What reason or excuse is there for the issue of national bank notes?

A. None whatever, except that they are a profitable special privilege to the banks. The only excuse given is that they give elasticity to the currency, giving the banks the opportunity of expanding it when more is needed and contracting it when the demand is less. Instead of being in its favor this is the strongest argument against the system. No government which consults the welfare of its industrial and commercial workers would entrust such a dangerous power to an association of greedy private corporations. Such a power means the power to lower and raise at will prices not only of products and labor, but of stocks on stock exchanges and subjects those who possess it to the temptation which such a power entails.

What the Authorities Say of the Dangers of Bank Monopoly.

Senator John A. Logan, in speaking in the Senate in 1874, on this subject, said:

I see in this only benefit to the money holders, who receive interest. I see as the result of this legislation business operations crippled and wages reduced to a mere pittance. I see the producers of the western states reduced to the condition of serfs when the banks get control of the entire volume of money.

Salmon P. Chase:

My agency in procuring the passage of the National Bank Act was the greatest financial mistake of my life, and it should be repealed.

James G. Blaine:

The money lost to the people under the old system of state banks is a mere bagatelle compared with the system of national banks for robbing the people.

Daniel Webster:

There has never been devised by man a more specious plan for robbing labor of the fruits of toil. It is a scheme of an infamous ring to rivet the chains of slavery on the limbs of labor so that idle luxury may ape the pretentious airs of foreign nobility.

John Sherman:

I would much prefer, for money, the credit of the United States, based as it is upon all the productions and property of the country, to the issues of any corporation, however well guarded and managed.

John C. Calhoun:

The money power in the hands of the few corporate banks may raise or sink prices at pleasure so as to command the whole property or industry of the country.

Thomas Jefferson:

Banking institutions are most dangerous to our liberties. The issuing of money should be taken from them and restored to the government and the people where it belongs.

Henry Clay:

I conceive the establishment of a national banking system as dangerous to the safety and welfare of the people.

Horace Greely:

The time has come when the people must have a better money system than that of national banks.

James A. Garfield:

Whoever controls the volume of money in any country is absolute master of all its industries and commerce.

Voters will do well to consider whether it is not advisable to withdraw so formidable a power, which unfortunately the recent currency bill has greatly enlarged, from an association of greedy private corporations and restore this most important function of government to where it belongs—to the national government itself.

How the Withdrawal of the National Bank Note Issue Privilege and the Substitution of Legal Tender National Money May Be Made of Great Benefit to the People

Q. In the event of the repeal of the note issue privilege of the national bank act, how can national notes be substituted in circulation?

A. It might be accomplished by paying off the bonds. A better way, however, would be to let the bonds remain, especially as under the new law they draw only two per cent interest, and withdrawing the national bank notes in installments substitute therefor full legal-tender treasury notes, the latter to be utilized and thus earned into circulation in constructing good post roads throughout the country for rural mail delivery routes, irrigation systems to utilize the vast areas of public lands in the west, ship canals and other public improvements of general utility.

This would furnish employment, utilize material and prove of lasting good to the whole people, while the improvements paid for in this way would not only cost the public nothing but industry and commerce would also be the gainer to the amount of the interest tax paid the national banks for the use of their notes, while the quantity of the circulating medium would not be impaired while its quality would be improved.

Exports and the Price Level.

Q. If the bimetallic basis should be restored and as a consequence the price level raised, what would be the effect on our foreign exports?

A. The raising of the price level by increasing the quantity of basic or legal tender money, while it may not increase the quantity of our exports, must largely increase the volume as measured in dollars and cents. Two hundred million bushels of wheat, for example, at an export price of seventy-five cents a bushel, would represent $150,000,000 in trade balances, whereas the same quantity at one dollar a bushel would represent $200,000,000. A large part of the increase in foreign exports over the years of a low price level following the panic is in this way to be attributed to better prices obtained. This is true also of the early 90s prior to the panic.

As we are largely a debtor nation, our people owing Europe at least $5,000,000,000, the export price level cuts an important figure in the burden of this debt and the interest payment thereon. For example, the amount of our exports over imports, including gold and silver, from 1890 to 1899, inclusive, covering ten years, is $2,589,988,737, or $260,000,000 a year in round numbers. This represents a dead loss of wealth sent out of the country in our interest and dividend payments abroad.

A rise in the price level of twenty-five per cent brought about by an increase in the relative quantity of basic money would correspondingly lighten this burden, giving our own people more wealth to enjoy after satisfying the demands of foreign obligations.

This principle is well understood by our British cousins. In 1888 the queen appointed a commission to investigate the question of bimetallism. The following is an extract from their report:

"It must be remembered, too, that this country is largely a creditor country of debts payable in gold, and any change which entails a rise in the price of commodities generally—that is to say, a diminution of the purchasing power of gold—would be to our disadvantage."

The London Economist in an editorial also said:

"England being the chief creditor nation of the world, it is to her interest to keep the volume of money as small as possible in countries from which debts are due in order to get more of their products in payment of interest due to her citizens."

Lord Harcourt in a speech in parliament also said on this subject:

"This is practically the goal to which bimetallism would lead us. Of course, we are told that we shall receive more money. The truth is that we are paid not in gold, but in goods. It is out of this merchandise that our people make their living."

It is plain that what would be to Engand's disadvantage in this respect would be to the advantage of the producers of the United States.

Horace White, an ardent champion of the gold standard, in a catechism widely circulated among railroad employes in 1896, on page 11, says of the effect of free coinage on our foreign trade.

Q. What would be the effect of free coinage at 16 to 1 on the prices of commodities? A. The prices of all imported and exported commodities would immediately rise in the proportion of 53 to 100.

While this is an exaggerated view, so far as exports are concerned, in principle it is true. It would seem therefore as if patriotism for the general welfare of the country, as well as self interest should induce all producers to favor a healthful increase in the quantity of basic money, which the restoration of the bimetallic agent of valuation would bring about.

Trusts and the Price Level.

Q. What is a trust?

A. Technically it is a combination of corporations as corporations are combinations of individuals. In common parlance, however, it is any combination seeking monopoly in restraint of trade or for the purpose of destroying competition and controlling prices.

Q. What may be said of trusts in theory and in practice?

A. Theoretically the trust principle is correct because it is based upon the principle of co-operation, but practically, as now applied and practiced, they are detrimental to society. Rightly practiced co-operation should benefit the many. As practiced by trusts the many are robbed through the power of monopoly to benefit the few.

Q. Do trusts cheapen the cost of production and lower prices?

A. They undoubtedly can and in many instances do cheapen the cost of production, but instead of lowering prices and giving the public the benefit of the saving, as they profess to do, not only is the saving absorbed but higher prices are invariably charged to pay dividends upon enlarged or watered capitalization. Thus either the incomes of the already wealthy are increased or the number of parasites who feed upon the labor of others is multiplied.

Q. Theoretically what should be the effect and practically what is the effect of the application of the trust principle upon employment?

A. If the principle was rightly applied and as is pretended the economies of combination were given the public in lower prices on the articles produced, while the economy of production and distribution would at the outset deprive many of employment the increased consumption which invariably follows the lessening of the cost of production when natural laws are permitted to operate would increase the demand for labor until all again found employment. In practice, however, the opposite is true. The higher prices demanded tend to decrease consumption, as is at present conspicuously the case in building material, wire fencing, hardware, etc., compelling the trusts to close many mills and discharge additional employes in order to limit production to the circumscribed demand.

Q. What effect does the artificial raising of the price level of articles controlled by trusts have on the general level of the price of free products?

A. The effect of raising the price of trust controlled articles above the general price level as established by the quantity of money in circulation is to depress the price of raw materials and free products below the general price level. If it was not for the abnormal demands of trusts farmers would not only be paying less for what they consume but would be getting higher prices for what they produce. Also, as employment would be greater and more widely scattered and diversified under competition there would be an enlarged home market, greatly to the advantage of farmers, gardeners, fruit growers and also of workingmen in towns and villages.

Q. What are other evils of trusts as now operated?

A. They deprive young men and others of opportunity to become independent business men, compelling them to look forward only to positions of servitude.

They discourage inventive genius and progress. As necessity is the mother of invention, so competition is the foster father of ingenuity and progress.

They place our money, the life blood of commerce, our transportation lines, commercial and industrial interests all practically under the control of the stock exchange gamblers of Wall street, to be kicked about, operated, suspended, opened, closed or manipulated as best suits the whims or interests of the bulls and bears, or as the interests of the few greedy millionaires who dominate the street and through this system hold the welfare of all who eat the bread of honest industry in their hands may demand.

Q. How can trusts be regulated or abolished?

A. That is a question which demands the most earnest consideration of our ablest statesmen. That they must be controlled or abolished is evident. That they can be controlled or abolished is certain. A people which gave birth to Magna Charta and the Declaration of Independence and has abolished chattel slavery will never become industrial slaves or allow their own welfare or that of their children to be dominated or controlled by a handful of greedy monopolists.

The desired result cannot be accomplished through repressive legislation, however, but by utilizing the taxing power.

The inspiration of trusts is over-capitalization and the gambling spirit of stock exchanges. Destroy these and the trusts will go. The first can be accomplished by heavily taxing the stock issues of all corporations in excess of the market value of their tangible assets, the latter to be determined by the assessor's books. Second, by imposing a heavy tax on gambling in futures, puts and calls, and other illegitimate stock exchange methods. This would also stop another evil, that of gambling in the products of our farms. Then by imposing a heavy tax on the amount of all dividends paid by corporations in excess of a reasonable amount, the trust evil, like state bank issues, would quickly disappear, taxed out of existence.

HOW TO VOTE.

After reading this Catechism and digesting the great truths it unfolds, no broad-minded voter who belongs to the great army of the busy bees of society will need advice as to how to vote. Party ties should bind lightly when the welfare of country and its great industrial and commercial classes, our own interests and the welfare of our children are involved.

The Republican party was once the champion of the great principles so important to the industrial masses unfolded in the foregoing pages. In its platform of 1888 it denounced the Democratic party for its warfare on silver. In 1892 it declared that "the American people from tradition and interest favor bimetallism, and the Republican party demands the use of both gold and silver as standard money." Even in 1896, though perhaps not sincerely, it pledged itself to endeavor to secure the free coinage of silver by international agreement. Under its present leadership, however, it has become the tool of the financial and monopoly classes, who are using it and propose to use it as an instrument to contribute to their greed.

The Democratic party, on the other hand, under the Cleveland regime was a bitter opponent of bimetallism and legal-tender money, and was completely subservient to Wall street and the interests of monopoly. Under the honest and sincere leadership of William J. Bryan, however, it has thrown off the Wall street and plutocratic leading strings and has become once more democratic in name and nature. The two parties, in fact, have completely changed places, not only on the money question but on other questions as well, so that, strange as it may seem, the Democrats now find their best inspiration for campaign literature in the words of Lincoln and other great, old-time Republican

leaders, as well as in the Declaration of Independence and the principles of the fathers who founded the republic. Jefferson, Lincoln and Bryan stand on the same platform.

In parting, therefore, as a last word, the writer earnestly exhorts the reader to stand by the constitution, which does not authorize non-legal tender money; by the principles of the Declaration of Independence, with its broad interest in human welfare applicable to all classes and conditions of men; by the things the flag symbolizes and by the broad humanity of Jefferson and Lincoln, and to earnestly contend and vote against the oncoming tide of industrial slavery.

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